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# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,078

Monday January 28 1980

\*\*\*20p



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## NEWS SUMMARY

### GENERAL

## Afghan rebels form alliance

Six leading Afghan guerrilla groups yesterday agreed to join forces and form an "Islamic Alliance" for the "Liberation of Afghanistan".

The groups asked the Moslem foreign ministers meeting in Islamabad to grant them observer status at the conference.

Saudi Arabia is understood to have called for a ban on exports of oil and petrochemicals by members of the Islamic Conference to the Soviet Union and those supporting its military action in Afghanistan. The proposal has not been accepted, but Saudi Arabia is also believed to favour giving support to the Afghan guerrillas.

Back Page: Pressure for W. German Olympics boycott.

Page 2

### Street clashes

Four people were injured, and 17 arrested in street clashes during a Provisional Sinn Fein demonstration in Birmingham. A policeman was taken to hospital with a back injury.

### Iran optimism

Hopes rose for solving the crisis of the U.S. hostages in Iran after Aholbassan Bani-Sadr, who won Iran's presidential elections, said he would try to end the affair in a way which safeguarded the demands and independence of his country.

Back Page: Bani-Sadr profile. Page 2

### Potholders found

Three potholders were found alive 24 hours after they went missing at Pippin Pot near Kirby Lonsdale in the Yorkshire Dales. The men were members of a party from Kingston upon Thames Polytechnic.

### Border confusion

The land border between Israel and Egypt opened amid confusion, and contradictory orders. Most travellers trying to cross into Egypt were turned back because they did not have entry visas—an abnormal requirement. Page 2; also U.S. negotiator in Cairo.

### Killer cyclone

Nine people were killed and 6,000 made homeless on the French Indian Ocean island of Réunion by Cyclone Hyacinthe.

### Second 'quake

A second earthquake in less than three days rocked the San Francisco area in California, causing power cuts, but no major damage or casualties. It measured 5.6 on the Richter scale.

### Hostages freed

All 135 hostages held for 19 hours by two South Korean deserters at a Seoul hotel were freed after one of the gunmen critically wounded his companion and surrendered.

### Renault win

Rene Arnoux of France in a Renault won the Brazilian Formula One Grand Prix motor race. Elie de Angelis of Italy, in a Lotus was second, and Australian Alan Jones in a Williams third.

### Briefly...

Kampuchea's ousted Khmer Rouge Government accused Vietnam of killing 17 people with toxic chemicals in air attacks.

Royal air force personnel were executed in Tabriz for plotting to separate East Azerbaijan province from Iran.

Film star Dustin Hoffman won a Hollywood Golden Globe award for the best dramatic actor of 1979, but said "awards are very silly."

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## European Monetary Fund proposed

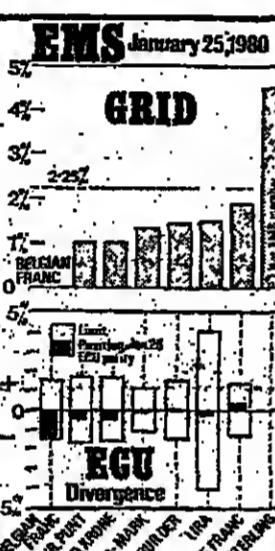
EUROPEAN Monetary System proposals being discussed by EEC countries and their Central Banks include a fund with powers of liquidity creation and wide-ranging monetary and exchange rate responsibilities.

Back Page: The Iron and Steel Federation is to ask the House of Lords today for leave to appeal to it against the ruling by Lord Denning, Master of the Rolls, and two other Appeal Court judges.

The TUC has indicated that it would be prepared to finance the cost of the federation's appeal as it did for the National Union of Journalists in the case of Express Newspapers versus McShane, which was the most recent test of trade union immunity from the law. In that case the Lord ruled in favour of the union's right to take

The lira, Dutch guilder and D-mark were slightly weaker than French franc, which remained the strongest EMS currency. The Danish krone also showed a slight improvement towards the end of the week on speculation about a possible rise in Denmark's bank rate soon.

The Irish punt remained weak, level with the krone, but a little ahead of the Belgian franc. Foreign exchange trading was generally quiet, and there was no heavy pressure on the Belgian currency, which stayed at the bottom of the system.



The chart shows the two constraints on the European Monetary System exchange rates. The upper grid, based on the weakened currency in the system, shows the divergence of each currency from its central rate (except the lira), which may move more than 2% per cent. The lower chart gives each currency's divergence from its central rate, the European Currency Unit (ECU), itself a basket of European currencies.

SOVIET ECONOMY suffered its worst year since World War II. Page 2

### Hopes for ICI protein plant

ICI's £40m plant for making protein from natural gas may run for the first time at Billingham this week. Back Page. Page 12

GRAHAM FERGUSON LACEY is negotiating to buy Gulf Fisheries' 19 per cent stake in Lourho, 40.45m shares worth £40.5m. Page 14

GROCERY Prices Index for January rose by 1.5 per cent to 120.47. Fresh food and vegetable prices were lower than expected. Page 4

ELECTRICITY supply engineers have been awarded an additional 2.4 to 6.5 per cent pay by an arbitration tribunal, bringing the settlement for 27,000 workers to an average of 26.95 per cent. Page 7

NATIONAL Enterprise Board reaffirmed its continued support for Insac Products, its computer software subsidiary. Page 4

KODAK films and photographic paper prices go up by between 10 and 80 per cent today, following the rise in cost of silver. Page 4

Protectionist moves delayed

BY GILES MERRITT IN BRUSSELS

IN AN attempt to head off a damaging EEC-U.S. trade war, President Carter and Mr. Roy Jenkins, the EEC Commission President, have jointly undertaken to delay protectionist moves affecting steel and synthetic fibres until top-level negotiations are held in Brussels on February 18.

Following talks in Washington last week Mr. Jenkins has agreed to postpone what EEC foreign ministers should postpone the adoption of the countervailing measures against U.S. man-made fibre exports which were due to be announced next Monday.

The Carter-Jenkins agreement arises from concern that the two disputes may flare into a full-scale trade war which could jeopardise the gains of the

Presdeer Carter guaranteed there would be no immediate action against EEC steel exports to the U.S. such as a further increase in the trigger price mechanism.

Mr. Carter also intimated that he would try to delay the anti-dumping suits against European steel makers which such companies as U.S. Steel are threatening to lodge in early February with the International Trade Commission.

The Carter-Jenkins agreement arises from concern that the two disputes may flare into a full-scale trade war which could jeopardise the gains of the

Tokyo Round GATT trade liberalisation agreement concluded at the end of last year.

Both the synthetic fibres and steel issues will be the subject of fresh U.S.-EEC negotiations when Mr. Reuben Askew, President Carter's special trade representative, visits Brussels on February 18. Mr. Askew will meet Viscount Etienne Davignon, the EEC Industry Commissioner, and Herr Wilhelm Haferkamp, the Trade Commissioner.

But the basis of any U.S.-EEC deal settling the two disputes is still far from clear.

U.S. synthetic fibre producers

Continued Back Page

## Banks buy Paris office blocks

BY MICHAEL CASSELL

TWO international banks have paid £55.5m for five office blocks in the centre of Paris in one of Europe's largest office property investment deals.

The properties involved will continue to be the headquarters of Rhone Poulen, the French chemical, textile and engineering group, until it moves out of the city centre to a new development at La Defense in 1982.

The purchaser, represented by Richard Ellis, is a joint-venture company formed by the Banque Arabe et Internationale d'Investissement acting on behalf of a consortium of private Kuwaiti investors, and the

Banque Privee de Gestion Financiere acting on its own account. Among the major shareholders of BPGF, which has a particular interest in property investment, is Schroder Wagstaff of London.

The five buildings on the Avenue Montaigne, Cours Albert Ier and the Rue Jean Goujon, provide 38,000 square metres of office space between the Seine and the Champs Elysees in the heart of the city's business sector. Under the short lease-back arrangement, Rhone Poulen will occupy the premises until 1982 when the new owners plan to spend more than

£5m on renovation before reletting.

The properties were marketed locally and internationally with bids invited for the whole portfolio of individual buildings. About 20 serious offers were made. The investment yield following completion of the renovation programme is estimated at between 7 per cent and 7.5 per cent.

The deal comes at a time when Government policy has effectively imposed a ban on office development in the centre of Paris. The purchase price reflects the dearth of investment opportunities and the strong letting market in the city.

## Welsh stoppage 'backed by 1m'

By Robin Reeves,  
Welsh Correspondent

THE WALES TUC is predicting that about 250,000 trade unionists will take part in today's unprecedented Welsh "day of action" called to protest at the threatened rapid rundown of the steel and coal industries in South Wales.

More than 100,000 workers are pledged to stage a 24-hour stoppage. Coalminers, railwaymen, dockers, bus and trolleybus drivers will be joining the 40,000 Welsh steelworkers who have been on strike for the past month over the national pay claim, severely disrupting transport services.

But Wales TUC officials say they have been "absolutely astonished" by the influx of promises of supporting action from trade union members not directly involved.

"We are confident that a quarter of a million people will now be either on strike or staging shorter stoppages or protest meetings," Mr. David Jenkins, the Wales TUC's administrative officer said yesterday.

The Wales TUC is demanding a two-year postponement of British Steel's latest plans for cuts and a halt to the increase in cheap coking coal imports to allow Wales a breathing space to deal with the economic consequences of the rundown. It also wants British Steel's top management replaced by a caretaker management and an inquiry into the corporation's commercial policies.

Because of the pressure building up in Wales, British TUC leaders are seeking a meeting with senior Government Ministers to try to secure a watering down of the plan to make another 52,000 steelworkers redundant by next August. If the Government does not agree, the Welsh steel, coal and transport unions are pledged to begin an all-out strike from March 10.

The main focus of today's 24-hour protest will be a mass march and rally in Cardiff addressed by Mr. Michael Foot, deputy leader of the Opposition. Mr. Bill Sirs, general-secretary of the Iron and Steel Trades Confederation, said last night that the "deepest of all grievances among our people." But ZANU "would not seize land from anyone who has a use for it."

Only underfed, abandoned, or inefficient farms would be taken over. Britain, the U.S. and other Western countries had agreed to contribute to a land fund which would be used for compensation purposes.

Mr. Mugabe said in other areas of the economy, we will try to leave things as they are."

It was essential, however, that the ordinary worker should be able to develop his skills and partake of the decision-making process.

But there would not be any victimisation or seizure of any enterprises.

He indicated that in certain areas of the economy, such as mining, it might be necessary for the state to seek partnerships. But the sector was "crucial" and a ZANU government would not rush into any such action.

South Africans to leave Bel Bridge. Page 2.

Bridge. Jago. 2.

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## Mugabe asks whites to 'stay in Rhodesia'

BY BRIDGET BLOOM AND MARK WEBSTER IN SALISBURY

MR. ROBERT Mugabe, leader of the guerrilla party ZANU (PF), struck a studiously moderate tone on his return to Rhodesia yesterday after five years of exile. He appealed to whites to remain in the country. Before addressing a rally at which he was given a tumultuous welcome by a crowd estimated at 150,000 to 200,000, Mr. Mugabe told an airport press conference his aim was peace and the establishment of a democratic society in which there would be no racial or colour discrimination.

Mr. Mugabe repeated the theme at the end of his mass rally, during which he spoke mostly in Shona. But he appealed to English to white Rhodesians to "stay with us, please remain in this country and constitute a nation based on national unity."

Commenting on the weekend announcement from Pretoria and London that South Africa's 150-strong contingent of troops at Bel Bridge was soon to be withdrawn, he said even if the units left, it would not be a complete pull-out. He alleged that at least 3,000 South African soldiers would remain, possibly integrated into the Rhodesian forces.

Mr. Mugabe was notably conciliatory on a future ZANU government's policy towards South Africa. ZANU did not like apartheid and would work against it in organisations like the Organisation

## OVERSEAS NEWS

## S. Africans to leave Beit Bridge 'fairly soon'

By Quentin Peel in Johannesburg

FINAL withdrawal of the South African soldiers defending the Beit Bridge rail and road link to Rhodesia will take place "fairly soon." But it will depend on the ability of the Rhodesian security forces to take over, South African officials said yesterday.

The decision by the South African Government to withdraw its bridge guard from the Rhodesian side of the border, announced in a joint statement with the British Government at the weekend, was a direct response to the international outcry aroused by the continued presence of South African troops in Rhodesia. It follows a decision by African states at the United Nations to press for a Security Council meeting on the issue.

The announcement constituted an unusual admission by the South African Government that it was responding to political pressure, or what it described as "the political exploitation of the South African military presence on the Rhodesian side of Beit Bridge." Diplomats said South Africa had not actually volunteered to withdraw, but insisted that no real pressure had been applied to persuade them to do so.

The decision suggests that the British Government, at least, seriously underestimated the backlash to its agreement to allow the South African troops to remain in Rhodesia. British officials had previously admitted that their continued presence was not simply for military reasons, but also to give "political reassurance" to both Pretoria and the Rhodesian security forces. There has been no confirmation of any alternative reassurance given in the event of a withdrawal.

However, diplomats here insisted that the decision depended on the ability of the Rhodesians to defend the bridge.

The South African presence at Beit Bridge is currently limited to some 150 men, of whom only a platoon of 26 is actually within Rhodesia. However, the agreement allowed the South Africans to patrol up to 10 kms away from the bridge.

## Soviet economy has worst year since 1945

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION has confirmed that its economy, dogged by inefficiency and labour delinquency and hampered by difficult weather conditions, has suffered its worst year since the Second World War.

The 1979 results, which were published over the weekend in the Central Soviet Press, understate the vulnerability of the economy to the U.S. grain and technology embargoes, which have drawn the support of other countries in the west.

Industrial production rose

only 3.4 per cent in 1979, against a target of 5.7 per cent, and national income, a measure roughly similar to gross national product, increased 2 per cent, less than half the planned 4.3 per cent.

Industrial labour productivity, which was to have risen 4.7 per cent in 1979, grew only 2.4 per cent, an increase significantly below even the worst results of previous years and a special disappointment since the 1976-80 five-year plan was to have been the plan of

"efficiency and quality."

The increases in industrial production and national income were also the lowest since the Second World War and because they reflect quantitative results and include goods which were produced but never purchased, probably do not represent any increase in consumption at all.

Heavy industry or "category A" production, the traditional focus of the five year plan, grew only 3.5 per cent against 1979 which was 586m tonnes, a 5.8 per cent target and consumer goods or "category B"

production grew only 3.8 per cent (target 4.6 per cent).

Labour productivity fell by more than 4 per cent in agriculture, and by almost 3 per cent in railway transport. In construction it rose by only 1 per cent.

The slowing pace of Soviet oil production, which was predicted by the U.S. Central Intelligence Agency, was borne out by the production total for 1979 which was 586m tonnes, an increase of 14m tonnes over 1978 but 7m tonnes short of

the plan target.

There was some encouragement for Soviet planners in gas production, which increased to 470bn cubic metres, 35bn cubic metres above the 1978 total and 8bn cubic metres above the plan target, but coal and steel production both decreased in absolute terms, with coal production falling from 724m tonnes in 1978 to 719m tonnes last year and steel production falling to 151m tonnes in 1978 to 149m tonnes last year.

## U.S. negotiator tries to break Mideast deadlock

BY ROGER MATTHEWS IN CAIRO

MR. SOL LINOWITZ, the U.S. Middle East negotiator, flew into Cairo last night in an effort to breathe some life into the virtually deadlocked talks between Egypt and Israel over Palestinian autonomy.

Egypt and the U.S. agree that progress on the Palestinian issue

has become even more vital in order to allow President Anwar Sadat and Washington to play a more effective role in maintaining stability in the Gulf area.

Mr. Linowitz will not see President Sadat until tonight, after the Egyptian leader has made what the Cairo newspapers say will be a "very important speech." The officially-controlled Press said yesterday that Mr. Sadat's speech would be "the talk of all Arab capitals" as the President planned to announce measures to be taken against those countries "led by Saudi Arabia, which have cut relations with Egypt and imposed an economic and political boycott."

The move followed Cairo's decision to replace its chief delegate, Mr. Boutros Ghali, the acting Foreign Minister, with Mr. Kamal Hassan Ali, the Defence Minister, who

## Visa confusion damps the tourist flow at El Arish

BY DAVID LENNON AT THE EL ARISH BORDER POST

THE LAND border between Israel and Egypt opened yesterday amid confusion and contradictory orders which kept the flow of travellers to a trickle.

Although the border opening was part of the "normalisation" of relations, most tourists who came here to cross into Egypt were turned back because they did not have entry visas—an abnormal requirement about which no one had been warned.

Officials on both sides appeared to be surprised that the historic event actually took place, and only a small number of tourists, including one Israeli woman, managed to cross into Egypt. An official said visas had to be prepared in advance by those wishing to enter Egypt via El Arish, something which he said was not demanded at other points of entry.

Even a convoy of UN trucks heading for the camp of Is-

## W. German Opposition urges Olympic Games boycott

BY ROGER BOYES IN BONN

THE WEST GERMAN coalition Government is coming under increasing pressure from leading Opposition politicians to support a Western boycott of the Moscow Olympics.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, has meanwhile called in Mr. Vladimir Semenov, the Soviet ambassador to Bonn, and stressed that Moscow should "create the conditions which would enable all states to participate in the Olympic Games."

However, Herr Genscher, whose impending visit to Prague has been cancelled, stopped significantly short of calling for a boycott.

The Opposition is clearly concerned that Bonn will rule out the option of an Olympic boycott or at least delay a decision to such an extent that its impact will be reduced. Herr Franz

Josef Strauss, the Opposition's official rival to Chancellor Helmut Schmidt in this year's elections, said at the weekend that the Bonn Government would risk "the psychological collapse of the alliance" if it ruled out the possibility of a boycott. None the less, said Herr Strauss, an Olympic boycott should be only one of a package of measures against the Soviet Union.

Similar calls came from other Opposition politicians while leading Social Democrats—including Frau Annemarie Renger and Herr Georg Leber, who are vice-presidents of the Bundestag (lower house)—have also made clear that Bonn's current priority should be ambiguous support for Washington.

While Bonn has expressed its solidarity with President Carter, it has been caught

between its commitment to the Western alliance and its dependence on "Ostpolitik," the conciliatory policy towards Eastern Europe which has, for example, reduced pressure on West Berlin. Bonn is thus seen as a joint EEC move rather than independent action, such as Britain has pursued.

The country's National Olympic Committee has so far proved to be unhappy about a boycott, but according to a public opinion poll published last week, 71 per cent of Germans are now in favour of some kind of Olympic boycott.

Renter adds from Colorado Springs: The U.S. Olympic Committee, acting on a request by President Carter, asked the International Olympic Committee at the weekend to shift the 1980 summer Olympics from Moscow, or postpone or cancel the games in protest against

military intervention in Afghanistan.

In a unanimous vote, the executive board adopted a resolution urging the IOC to take such action if Soviet troops were not withdrawn by February 20, the deadline set by Mr. Carter.

Tony Water adds from Peking: China has given its strongest indication that it is considering boycotting the Olympic Games. A commentary in the Communist Party newspaper, People's Daily, describing the 1936 Olympics in Berlin, recalled Hitler's use of the games as a propaganda weapon and the unsuccessful attempts by other countries, including the U.S., to organise a boycott.

The People's Daily said the failure of the boycott was a Godsend for Hitler, who managed to squeeze the last ounce of propaganda value out of the games.



Herr Strauss . . . package of measures.

## Bani-Sadr — a radical Islamic nationalist

BY SIMON HENDERSON IN TEHRAN

IF Mr. Abol Hassan Bani-Sadr's activities during the past year are anything to go by, the rest of the world is in for a dizzying series of shocks over Iranian policy. At times it will seem rash, unplanned and contradictory.

As Finance Minister since November and an influential member of the Revolutionary Council for even longer, Mr. Bani-Sadr has already been responsible for several radical

financial moves. He led the nationalisation of the banks and insurance companies last summer, and a (misquoted) report about him led the West to fear that Iran was going to renege on its foreign debt. A further surprise came when he announced the nationalisation of foreign trade just before Christmas. This declaration was all the more astonishing because the Commerce Minister was that very day outlining to importers forthcoming measures to encourage

the private sector. In fact a senior Finance Ministry official has admitted that both the nationalisation of banks and the attempted move to withdraw funds from U.S. banks at the beginning of the crisis over the American hostages were announced as policy before Mr. Bani-Sadr told his ministry.

Mr. Bani-Sadr's future measures can be expected to be Islamic, radical and nationalist. He has already catalogued the Koran in terms of its teachings

on economic matters, and has been working closely with a group of young economists, including Mr. Alireza Nowbari, the Central Bank Governor. All are determined to transform Iranian society.

On oil, Iranian policy can be expected to develop further. Mr. Bani-Sadr, who has written a paper on "Oil and Domination," was talking only last week about the need to change the country's economy to reduce the country's dependency on oil revenues. Instead he wants to

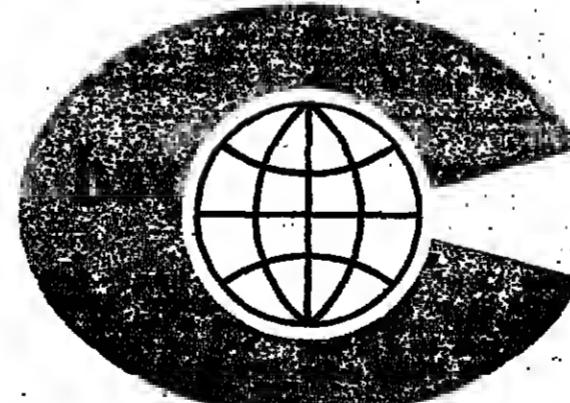
build up agriculture and small industries.

Mr. Bani-Sadr can be expected to adhere closely to the words of the new Islamic constitution in the economic field: "The underlying principle in Islamic economics is to satisfy the needs of all human beings, unlike other economic systems where the objective is concentration of wealth and profit-seeking. In Islam, economics is a tool which must be to attain the objective of bringing man closer to God."

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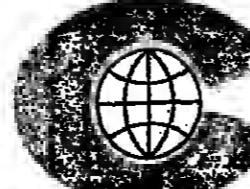


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## WORLD TRADE NEWS

# Chemical industry protest over EEC-Yugoslav pact

By SUE CAMERON, CHEMICALS CORRESPONDENT

THE COUNCIL of European Chemical Manufacturers' Federations — CEFIC — is expected to protest to the European Commission this week over plans to rush through a bilateral co-operation agreement between the EEC countries and Yugoslavia.

CEFIC believes that a series of Yugoslavian laws on patents, medicines and technology licences presents a direct threat to Western chemical companies which trade with Yugoslavia. It feels strongly that the concluding of a bilateral agreement should be postponed until these laws have been modified.

However it recognises that the international situation has given Yugoslavia a peculiarly strong bargaining position. It notes that the European Commission now seems anxious to speed up negotiations on a bilateral agreement for political reasons — President Tito's illness and the Russian invasion of Afghanistan.

CEFIC has already drawn the attention of the Commission to the three Yugoslavian laws which, it claims, are likely to hit Western Europe's chemical industry. But it is understood to have received no response from Brussels.

The first of the laws concerns medicines and lays down that permission to sell pharmaceutical products will only be granted if a foreign licensor transfers ownership of its trade marks to a Yugoslavian company. CEFIC points out that the Yugoslavian owners of a trade-marked product are then free to export it to other countries.

But Yugoslavia is planning to go one step further in the pharmaceuticals field by abolishing patents or drugs altogether. The patent law, which is now in draft form only, would affect plant protection products and foodstuffs, as well as medicines. If it is passed, as it is expected to come into operation next month, only process technology in the medicines, foodstuffs, veterinary products and agrochemicals fields would be patentable in Yugoslavia.

Yugoslavia also has a long-term co-operation law (already in force) which places severe restrictions on licensing agreements for Western technology. It enables Yugoslavian companies to exploit the technology of a foreign producer in virtually any way they wish once a licensing agreement has been signed.

for future exports. Domestic exports grew less rapidly in December than in preceding months and re-export growth slowed too.

For the whole of 1979, domestic exports rose 37.4 per cent to HK\$55.9bn while re-exports rose 52 per cent to HK\$20bn. Imports meanwhile rose 36 per cent to HK\$55.9bn

## Hong Kong deficit at £898m

By ANTHONY ROWLEY IN HONG KONG

HONG KONG'S visible trade deficit last year was HK\$12.9bn (£898m). This was some HK\$700m up on the 1978 deficit, but was not as bad as had been feared. Financial Secretary Sir Philip Haddon-Cave had estimated recently that the 1979 deficit would reach HK\$10.6bn. The December deficit was HK\$3.35m, which was sharply down on the December 1978

## Mitsubishi robots for France

By Richard C. Hanson in Tokyo

JAPANESE INDUSTRIAL robots are making inroads into Europe. Following Hitachi's sales tie-up with Durr of West Germany, Mitsubishi Heavy Industries (MHI) has reached a basic licensing agreement with Shikoku Electric.

The French welding machine manufacturer is planning to produce Mitsubishi robots capable of spot welding, initially for use by Peugeot Citroen.

This will be the first time a Japanese company has licensed robot technology overseas. MHI exports very little in the way of robots, which it produces in Japan for its subsidiary car maker, Mitsubishi Motor Company. The model to be licensed in France is dubbed the RC module type.

**Egypt-Israeli deals**

With the normalisation of relations between Egypt and Israel, the first commercial contracts have been signed, our Tel Aviv correspondent writes.

An Egyptian agent, Hassan Ismail, has concluded four provision contracts, to be implemented one month after normalisation, for water equipment. This includes a contract for 100,000 water meters with Kibbutz Dalia (with an option for another 100,000 for delivery in 1981), and three contracts, worth \$500,000 each, for piping with the Middle East Tube company of Acre and another for valves and pumps with a Haifa-based company.

**Iraq power project**

Annals Meccanico Nucleare, subsidiary of state-controlled engineering holding company Fimmeccanica, and Gie Gruppo Industrie Elettroniche per Impianti All-Estaro has signed a \$500m contract to build a power station in Iraq. Reuter reports from Rome. The 1,320 megawatt power station will be oil-fired and is due to be completed in five years.

**Swiss car sales up**

Swiss car sales, which consist almost wholly of imports, rose by 2.5 per cent last year to 272,072 units. Market leaders were still Volkswagen with a market share of about 12 per cent, followed by Opel, with Ford and Renault tying for third place. John Wield writes from Zurich. Japanese imports surged again with every Japanese company except Toyota achieving a rise of over 20 per cent. However, BL and Chrysler of the U.S. both suffered a 30 per cent drop in sales.

**UK kilns for China**

Briesco, a North Staffordshire ceramic concern has broken into the Chinese market with a £500,000 order to supply tunnel kilns for a factory near Nanking. The company will supply the high temperature kilns for a factory making spark plugs.

## SHIPPING REPORT

### Dry cargo rates stage small rally

By WILLIAM HALL SHIPPING CORRESPONDENT

FREIGHT RATES in the dry cargo market have staged a small rally over the past fortnight, although they are still well below the levels prevailing before the U.S. announced its grain embargo.

In the Atlantic grain trades, rates for Panamax sizes—U.S. Gulf/Holland—have moved back up to \$16 a ton but, rather surprisingly, the rates for smaller vessels continue to be under pressure.

In the time charter market, Galbraith Wrightson reports that some period business is being negotiated and rates have stabilised in the short-term. They could even improve slightly.

The coal trades have been fairly active, and the rates for 50,000-ton cargoes from America's Hampton Roads to Japan—a good barometer of the coal trade—have increased by around \$1.50 a ton to \$18 a ton. By contrast, the British steel strike is starting to affect the demand for ore carriers. The British Steel Corporation arranges around 1,000 ship fixtures a year (roughly 20 a week), and imports 20m tons of ore.

In the tanker markets,

brokers report that last week was fairly uneventful, despite the continuing tension in the Middle East. The rates for 250,000-dwt VLCCs for voyages to the West are hovering around Worldscale 42. Among the bigger ships, Chevron fixed a 417,000-dwt ULCC at Worldscale 30.

E. A. Gibson reports that a surplus of VLCC and ULCC tonnage is now building up in the Arabian Gulf. Between now and the end of February 11 ships (3.4m dwt) are looking for cargoes, and 57 more ships (1.4m dwt) should become available for further employment.

The other major feature of the market in recent weeks has been the dramatic drop in tanker rates in the Caribbean because of overtrading.

A 48,000-tonner is now having to accept Worldscale 100, compared with Worldscale 375 less than two months ago. For 45,000-tonners, Amoco was able to fix a vessel at Worldscale 57.

Clearly, tanker operators must be braying for the onset of a severe cold spell which will lead to a surge in U.S. oil imports.

**Evergreen expands fleet**

By WILLIAM HALL

EVERGREEN LINE, the fast-growing Taiwanese shipping group, last week took delivery of a second large container ship. The vessel, which can carry 1,800 twenty-foot containers (TEUs), is 50 per cent larger than Evergreen's earlier vessels and is considerably more efficient.

Evergreen has another two 1,800 TEU container ships due for delivery in May and August.

In addition, it is negotiating for another two 1,800 TEU ships and two 950 TEU ships.

As a non-conference operator Evergreen has made considerable inroads into the markets served by members of the Far East Freight Conference. It started operating between Europe and the Far East last May and now employs six 1,214 TEU container ships on this route, giving it an annual capacity of 42,500 TEUs.

Evergreen recently switched to Evergreen, much to the dismay of the Far East Conference.

For UK recently switched to

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Evergreen reckons that the new "L"-class ships burn roughly the same amount of fuel (70 tons a day) as its "V"-class ships on the Far East/Europe run, although they will be able to carry 50 per cent more containers.

One of the biggest advantages, however, is the reduction in manning levels. A crew of 16 compares with crews of over 20 on other Evergreen ships and crews of 30 on larger container ships operated by rivals such as Overseas Containers.

The latter has recently embarked on an expensive restructuring programme in an effort to match Evergreen's operating costs.

## World Economic Indicators

### UNEMPLOYMENT

	Jan. '80	Nov. '79	Jan. '79
UK	3.388	3.294	3.282
%	5.5	5.3	5.5
Dec. '79	5.5	5.3	5.5
U.S.	6.078	6.029	6.122
%	5.9	5.8	5.7
France	1.370	1.345	1.340
%	6.8	5.8	5.8
Germany	8.66	7.95	7.61
%	3.8	3.5	4.4
Holland	2.167	2.095	2.074
%	5.2	5.0	5.4
Belgium	3.89	3.61	3.82
%	7.6	7.3	7.5
Italy	1.801	1.800	1.850
%	8.7	9.1	7.8

## Nott calls for more open markets

By Ron Richardson in Seoul

MR. JOHN NOTT, the UK Trade Secretary, urged newly industrialising countries to open their markets to greater exports from developed nations in return for access to the developing countries' markets.

Mr. Nott said at the end of a two-day visit to South Korea that unless the newly industrialising countries were prepared to accept a wide range of exports from countries like Britain, they could not expect their own foreign markets to expand in the long term.

"In many of the most advanced and competitive developing countries, imports of manufactured goods are largely confined to products which these countries do not themselves make," Mr. Nott said.

"In other areas, notably consumer goods, some countries still cling to highly protective import regimes. These regimes have served a purpose in the past, but this does not continue to be the case."

"It is in the interests of the newly industrialising countries themselves for a much wider range of manufacturing to be opened up steadily to international competition."

Mr. Nott pointed out that South Korean manufacturers had been able to capture 39 per cent of the British cutlery market, which had been supplied by a long-established local industry.

During talks with South Korean Ministers, the British Trade Secretary welcomed recent moves by Korea to ease restrictions on imports of manufactured goods.

## S. AMERICAN MOTOR INDUSTRY

BY DOREEN GILLESPIE IN LIMA

### Andean nations gear up

BY DOREEN GILLESPIE IN LIMA

THE EMERGING pattern for the development of the automotive industry in northern South America is beginning to take shape, following the recent decision by Peru to give Volkswagen the edge over other competitors in a Passat car and 5.6-ton truck.

Planners had originally thought one or two companies only would handle the assembly in the five countries, but the pact signatories have been reluctant to allow establishment of such a monopoly.

Those companies in the lead are Volkswagen, Renault, Fiat, General Motors and Ford. Nissan, Toyota and Volvo are still in competition, but Chrysler has dropped out of the market.

Puma, in addition to its current commitments to Volkswagen, is also to produce a second, medium-size passenger car, another medium-duty truck and a heavy duty truck of more than 17 tons. The second make of car must use a Venezuelan-made engine, although Venezuela has yet to define the size of the engine.

Puma is to assemble a cross-country vehicle. Fiat is already assembling in Colombia as is General Motors, which recently bought Chrysler's plant there as well as in Venezuela. Venezuela has already signed a contract with Pegaso of Spain and General Motors to assemble models assigned to it.

Would-be assemblers are required to commit themselves to exporting vehicles and components to countries outside the Andean Pact and to incorporate parts produced in other Andean Pact countries as well as to promote local investment in their plants.

The mission includes Mr. Leopoldo de Rothschild, director of N. M. Rothschild, Sir John Buckley, chairman of Davy Corporation, Lord Nelson, chairman of GEC, Mr. Michael Caine, chairman of Booker McConnell, the Earl of Inchcape, Sir John King, chairman of Babcock International, Mr. J. C. Gilhert, vice-chairman of Metal Box, and Viscount Weir, chairman of the Weir Group.

They have formed a joint liaison committee with representatives of the Mexican public sector including Pemex, the oil monopoly, the Federal Electricity Commission and Sidermex, the state holding company for steel.

The Government has reportedly earmarked Pesos 4bn (\$171m) this year for parts and is expected to put out to tender the dredging of Lazaro Cardenas this month and Tampico, in March.

Flat.

Ecuador has selected Volkswagen and General Motors to produce two models it has been assigned under the pact — the medium-size Golf passenger car and a small truck with a gross vehicle weight of 3-4 tons.

Colombia has selected Renault, already a local assembler, to build two models of passenger car. Colombia has yet to select the company which will assemble medium-duty trucks and a four-wheel drive cross-country vehicle.

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Renter adds from Tokyo: A team of leading Japanese businessmen are in Panama to discuss a joint \$8.3bn project to build a new and wider Panama Canal. The team will inspect several possible sites for the canal, in

## Top UK mission to Mexico

By William Chislett in Mexico City

A BRITISH private sector mission, which reads like a who's who of industry, arrives here today to pursue investment possibilities in Mexico's decentralised areas.

The mission, which will meet Mexican President Jose Lopez Portillo, ministers and top officials is probably the most distinguished from Britain to visit Mexico for a long time.

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Japan's Penta-Ocean Construction Company has proposed a new 98 km canal be built west of the existing waterway to allow the passage of vessels up to 300,000 deadweight tons.

## Brazil buys S. Africa fertiliser

BY BERNARD SIMON IN JOHANNESBURG

### by General Mining and Finance Corporation for the project management, engineering and construction of coal preparation plant at Trans-Natal Coal Corporation's Klobane colliery. This plant is scheduled for completion during 1981.

South Africa is already the world's largest phosphoric acid producer. Besides Brazil, its largest export markets are Japan, Europe and Australia.

Most of the fertiliser material for Brazil will probably be supplied by Triomf, whose Richards

Bay plant has an annual capacity of close to 400,000 tons, of which more than 80 per cent is exported. The export capacity of Fedmisi's phosphoric acid plant, which is in the north-eastern Transvaal, is 150,000 tons. Expansions currently under way will raise this by 50,000 tons.

South Africa is already the world's largest phosphoric acid producer. Besides Brazil, its largest export markets are Japan, Europe and Australia.

## UK NEWS

# NEB affirms support for Insac subsidiary

BY GUY DE JONQUIERES

THE NATIONAL Enterprise Board has reaffirmed publicly its continued support for its computer software subsidiary Insac Products (IPL) and for the latter's five member companies in which the Board holds minority stakes.

The decision is one of the first taken by the new board since its members were appointed last November. It is apparently intended to quell recent doubts and speculation about the future of IPL, which aims to develop UK exports of sophisticated computer programmes.

The venture has been among the NEB's politically more controversial undertakings and is regarded by many in the industry, including some of IPL's own member companies, as still having to prove its commercial worth.

In the past few weeks the chief executives of two member companies have announced that they would no longer sit on the IPL Board because of dissatisfaction at the slow progress

achieved in its discussions. Their companies will, however, still be represented on the Board.

One of the men, Mr. Peter Adams of Systems Programming has also asked the NEB to sell its holding in his company on the grounds that uncertainties about the Board's future disposal policy were an unsettling influence.

He said at the weekend that his request stood, in spite of the Board's renewed commitment to IPL and its member companies. The Board has yet to announce whether it is prepared to sell the holding.

After the resignations the NEB disclosed that it is reviewing the arrangements governing the operating relationships between IPL and its member companies and the possibility of IPL cooperating commercially with non-members.

It appears in no hurry to decide on either question, though it is understood to be looking at the possibility of broadening the composition of

the IPL board to reflect a wider cross section of the software industry.

In this event IPL's operating activities would probably be handled through a committee, on which member companies would be represented by liaison officers rather than by chief executives on the board.

IPL is keen to extend its commercial activities beyond its member companies. But it recognises that any move in this direction would be likely to arouse strong objections from such companies, which fear their privileged relationship with the organisation would be undermined.

The NEB has still to discuss future funding for IPL as well as for its sister organisation, Insac Viewdata, set up to promote export sales of systems based on the Post Office's Prestel.

This is an electronic information system which links television sets to a network of computers through the telephone service.

# Make sea polluters pay up, councils urge

BY ROBIN PAULEY

A CALL for international action to ensure that those responsible for causing pollution at sea should bear all the costs involved in dealing with it has been made by the Association of County Councils.

The association is also to support proposals for a European fund to which potential polluters operating in Europe would contribute to cover the costs of both identified and unidentified pollution.

The recommendations are included in the Association's evidence to the Royal Commission on Marine Oil Pollution.

The association, which represents all 47 non-metropolitan counties in England and Wales, says: "Recent incidents, including the Tarpenbek, off the Isle of Wight, and the Elani V in

the North Sea have highlighted the unsatisfactory nature of existing compensation arrangements."

"A fund should be established for all costs which should not be allowed to fall on the local ratepayers."

The "polluter pays" principle should apply in all cases, it adds. International and national legislation should be effectively enforced and penalties increased.

The association also calls for an early decision on a national contingency plan for major oil pollution of the coastline.

More pressure should be brought to bear on the oil industry to accept and reprocess or dispose of oily wastes resulting from clean-up operations.

# CBI seeks to alter law on re-engaging strikers

BY OUR INDUSTRIAL EDITOR

THE Government has been urged by the Confederation of British Industry to amend its Employment Bill so that companies could choose which employees to re-engage after a strike.

At present a company must either re-employ all strikers or none at all. This is covered by a provision in the existing Employment Protection Act to prevent discrimination.

Now the CBI wants employers to have a choice. It has set this

out in its formal comments on the Bill, sent at the weekend to Mr. Jim Prior, Employment Secretary, which broadly follow its known policies.

The CBI wants the Bill tightened on a number of other points, including the closed shop provisions. It says that the Bill ought to be specifically linked with the proposed Code of Practice so that employees are protected from dismissal where a closed shop is not being operated in line with the Code.

# Kodak raises film prices

THE RECENT sudden rise in the price of silver has forced Kodak to increase prices of films and photographic paper by 10 to 20 per cent from today.

Mr. M. J. George, sales manager for consumer and professional markets, said: "Each price adjustment reflects the higher cost of silver in manufacture. Naturally, it is our hope

that international pressures will ease and that silver costs will soon reduce significantly. If that does happen, we expect to reduce our prices."

Prices of professional black-and-white papers are raised by 50 per cent, Ektacolor paper by 30 per cent, Ektachrome paper 30 per cent, black-and-white film by 45 per cent and some X-Ray films 80 per cent.

# Housing setback cuts brick deliveries

By Andrew Taylor

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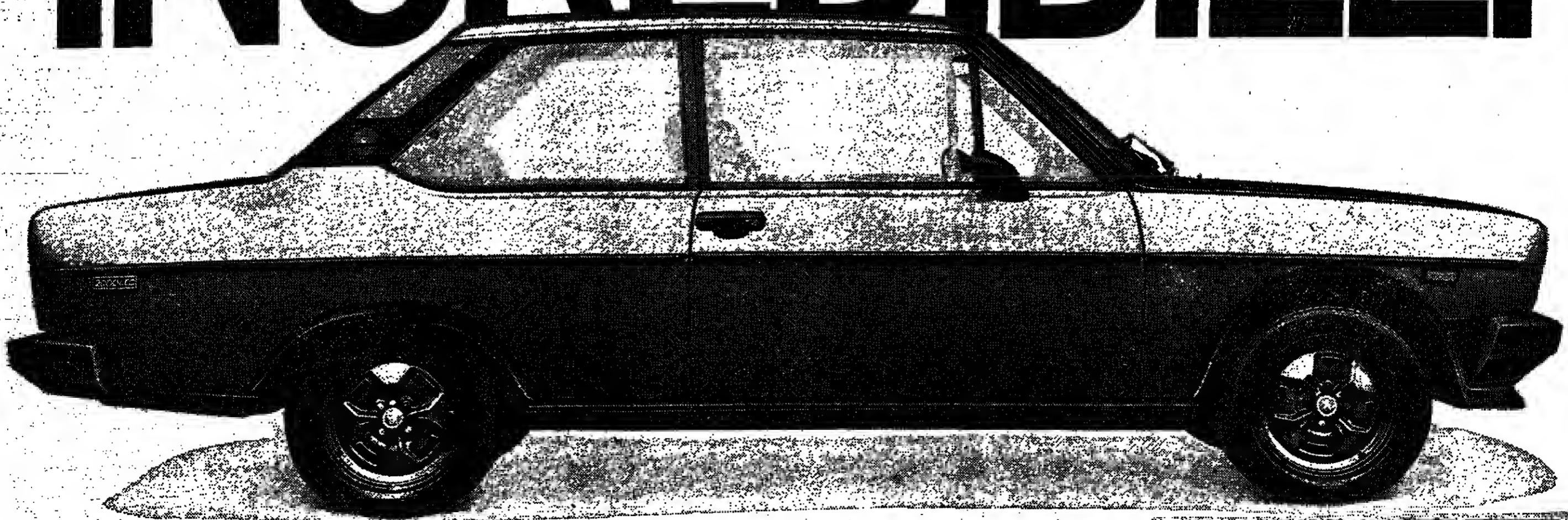
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**BRAVISSIMO,  
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STUPENDO,  
ECCELENTE,  
INCREDIBILE.**



An unobtrusive announcement from the makers of the Mirafiori,  
the car that took first and third places in the Monte Carlo Rally.

**FIAT**

# Building and Civil Engineering

## Over £18m worth £13.5m for Gleeson to Laing

**MAJOR CONTRACT** in a number of jobs just announced by John Laing is the first phase of Macclesfield District General Hospital worth £8.7m to the company. Total cost of this project will be over £10m and it will take just over three years to build.

Site of the hospital will be on Victoria Road adjacent to the existing West Park Hospital, and preliminary site works, such as earthmoving, fencing and provision of a temporary working surface, have just been completed.

Concept of the design is to plan an intensive-use hospital viable in itself as a first phase hut capable of later expansion.

Provision will be made in the first phase for an accident and emergency unit, four operating theatres, a day care unit, an intensive care unit, rehabilitation centre, pharmacy and outpatients' department. Additionally, a service centre is to be built which consists of a hospital services disinfector unit, central records, staff changing, mortuary, central kitchen and staff restaurant.

Subsequent phases of the hospital will provide beds for medical, surgical, maternity and geriatric patients and the building, basically a two-storey structure with engineering plant rooms at roof level, has been carefully planned to blend into the semi-rural surroundings.

## McAlpine wins over £12m in London

**THE LONDON** Borough of Haringey has awarded Sir Robert McAlpine and Sons a £7m contract to refurbish Alexandra Palace which, together with a £5.7m industrial project in Whitechapel, London, brings in new work to the value of over £12m.

A start has been made on a preliminary phase of the work at Alexandra Palace which is due for completion by June. This will be followed by the major task aimed at restoring the 105 years old palace and park, making it a major exhibition, sporting and cultural centre. Completion is expected in 1983.

## Work for Fairclough

BATCH OF contracts just awarded to Fairclough Building is worth nearly £2m, with the

largest job being valued at £637,000. This is for extensions to a warehouse and new offices for Seddon Atkinson at Waltham Summit, near Preston.

Other industrial contracts are: new factory and offices at Altrincham (value £324,000) for United Reptition; and office extensions for Air Products at Carrington, near Manchester (£143,000).

In three contracts for Manchester City Council the company will improve 72 flats at Langley, Middleton (£480,000); improve 36 flats at Early Grove, Blackley (£258,000); and carry out landscaping outside St. George's flats, Hulme (£140,000).

## WE GO BACK A YEAR OR TWO.

"Supply two million, five hundred thousand granite and limestone blocks, each perfectly hewn and within 1/100th of an inch."

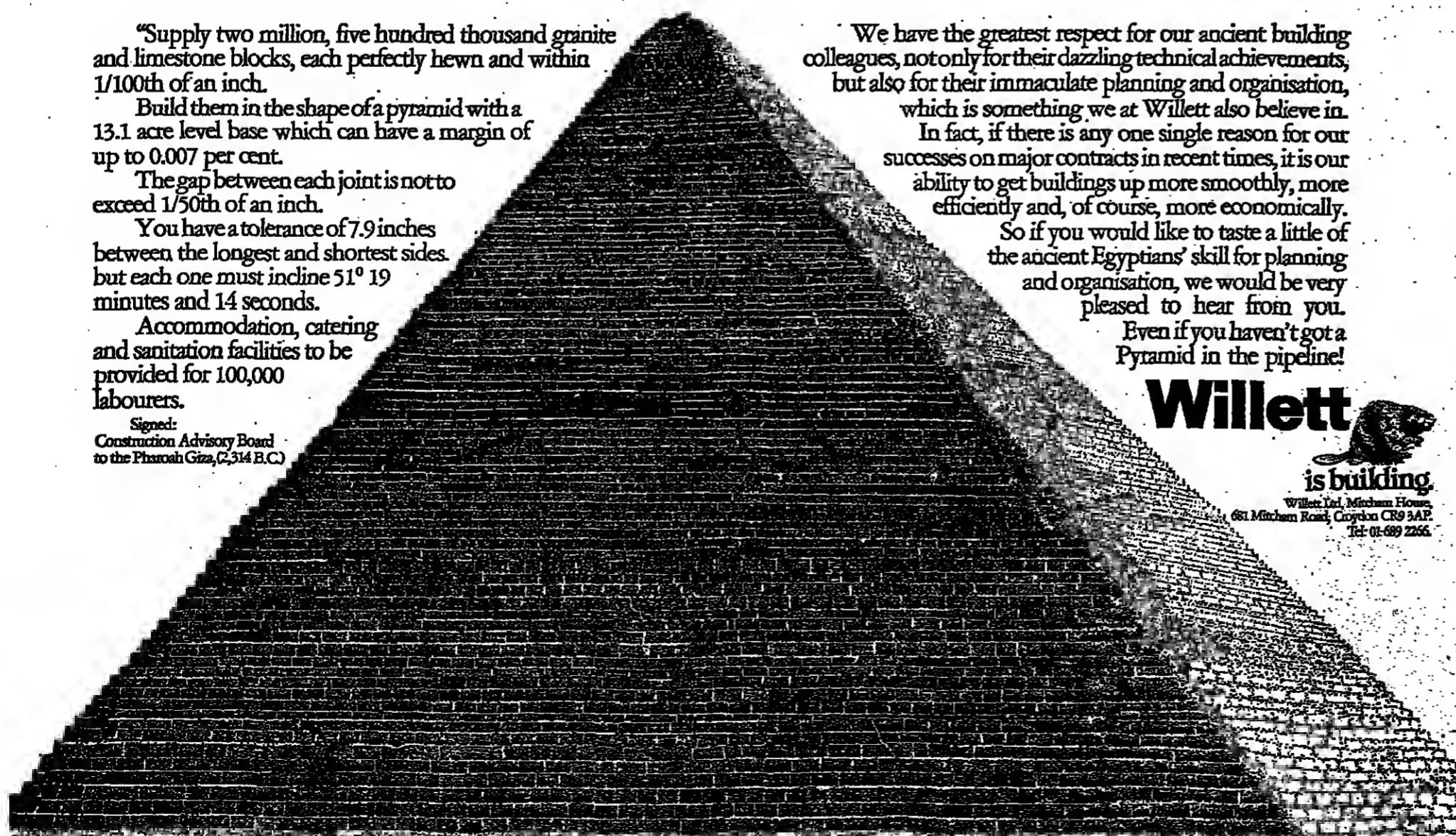
Build them in the shape of a pyramid with a 13.1 acre level base which can have a margin of up to 0.07 per cent.

The gap between each joint is not to exceed 1/50th of an inch.

You have a tolerance of 7.9 inches between the longest and shortest sides, but each one must incline 51° 19' minutes and 14 seconds.

Accommodation, catering and sanitation facilities to be provided for 100,000 labourers.

Signed:  
Construction Advisory Board  
to the Pharaoh Giza (254 BC)



## Sunley wins £10m in Abu Dhabi

**EXPERIENCE** of building banks in the Gulf seems to be standing Bernard Sunley in good stead. Having already completed multi-storey buildings for the British Bank of the Middle East at Doha and Dubai and for the Bank of Credit and Commerce International in Abu Dhabi and Dubai, it has now got a contract worth £10m for the Arab Monetary Fund headquarters in Abu Dhabi.

The 19-storey reinforced concrete building which will have six lifts will be about 240 ft high on piled foundations and it is expected that work will get under way in February.

Bronze coloured aluminium curtain walling and gold tinted mirror glass will be used for the exterior cladding and inlaid geometric patterns will be used extensively.

Architects are Pitney Robinson and Partners.

## £4m awards to Kyle Stewart

**MORE OFFICE** accommodation is to be built at Bracknell, Berks, for 3M United Kingdom.

Kyle Stewart (Contractors) has been awarded the £3m contract which calls for a five-storey building with a high level pedestrian bridge to link the new offices with the existing 3M House.

The contract provides for a reinforced concrete-framed building on piled foundations and includes all services and external works. Work has begun and is due for completion in July 1981. Architects are Alex

sales, marketing, after-sales and administration functions as well as acting as a southern parts distribution centre and training school.

The initial development will include an 80,000 sq ft warehouse, a 9,000 sq ft training centre for both mechanical and non-mechanical subjects, and a 6,000 sq ft purpose built technical centre.

A contract valued at £2.3m has been awarded to Wimpey for the development of a 16-acre site on the Blagrove Industrial Estate. The complex will include a head office for all

internal partitions. Laing is also responsible for the installation of fittings, finishings and services.

## £3m centre in Swindon

**PLANS FOR** a major expansion of its UK operations are expected to be announced at its Monte Carlo dealer conference today by MAN-VW Truck and Bus.

The company is to move its West London headquarters to a new purpose built factory in Swindon, Wilts as part of a £3m investment programme.

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internal partitions. Laing is also responsible for the installation of fittings, finishings and services.

## £3.2m orders won by Jarvis

**NEARLY HALF** of the £3.26m of new work awarded to Jarvis is being carried out in Manchester. The remainder is in Central London.

At the Swiss Centre in Wardour Street, Leicester Square, WI, the kitchens serving the four restaurants, snack bar and Gourmet Shop are being enlarged and refurbished and a five-storey office block is being erected in St. Albans Street, Haymarket, SW1. The latter will provide 1,181 square metres of lettable open-plan office space and a penthouse flat. Turner Lansdown Holt and Paterson is the architect.

At Cambridge Street, Manchester, a new rubber mixing plant is being built for the General Rubber Goods Division of Dunlop. While not far away at Urmston, the CEGE coal-banding plant at Carrington power station is being altered to cope with new coal trucks.

Jarvis has also returned to the shopping centre in Town Square, Sale, Cheshire, this time to provide a three-storey office block with four shops at ground level for the Langford Property Company, a subsidiary of Beaumont Properties. The design is by Turner Lansdown Holt, of Wilmslow, Cheshire.

**WHAT TO DO** now that many of the big contracts are finally completed is a dilemma exercising the minds of most major building and civil engineers operating in the Gulf.

After several years in which large projects kept turnover up and manpower fully utilised, most contracting groups — not least those from the UK — are now having to come to terms with a new situation.

Traditional sources of business in the Gulf, for many British companies — such as Bahrain, the United Arab Emirates and Oman no longer offer the volumes of work once available and the contractors have reacted in different ways. Some have effectively shut down and moved on while others have cut back operations to tick over and maintain a presence in the hope of another upturn in construction activity.

But not all seem to be pessimistic about the prospects for picking up respectable volumes of work and Tarmac would appear to rank among this number.

Despite the patchy record of overseas operations and a commitment to reduce its foreign work as a proportion of total turnover, Tarmac has firmly set its sights on extracting a useful level of business out of a United Arab Emirates con-

struction market which has seen better days.

The Wolverhampton-based group has now virtually completed the prestigious £40m Al Ghurair shopping, office and apartment complex in Dubai but the end of the contract does not signify its withdrawal from the local market.

Mr. John Keot, the Tarmac International director responsible for Gulf operations, believes that its local Ghurair Tarmac partnership stands to well out of an Emirates construction market which now shows positive if patchy signs of a revival. Abu Dhabi in particular is still regarded as a buoyant — if highly competitive — source of new work.

Turnover in the Emirates, he says, could realistically reach around £25m a year, and to prove the point has announced another batch of road and airport runway contracts worth £10m.

Much of the company's hopes are pinned on what it sees as an upturn in spending on military facilities and signs that a Federal budget is having an impact on expenditure levels in those Emirates which in isolation would not be able to contemplate higher spending.

As for work already done, the 600,000 sq ft Ghurair centre represents not only Tarmac's local "flagship" but a development marked the beginning of plans for working in other areas of the world with Tremec.

## £3m repair job in London

**EXTERNAL** repairs and redecorations of the facade at 251-259 Regent Street, London, WI at a cost of about £3m is now being carried out by Taylor Woodrow Construction.

It is understood that the work will involve complete overhaul of the external envelope of the 9-storey building. In addition there will have to be extensive replacement of stonework, asphalt and lead coverings.

The premises, close to Oxford Circus, will remain in use throughout the contract and has to be programmed to minimise inconvenience to occupants and passers-by alike. Completion is due in the spring of 1983.

Structural engineers are Moore Vaughan Maclean and Partners and quantity surveyors are C. R. Wheeler and Partners.

Kyle Stewart has also won a contract from Capital and Counties Property Company for the construction of five warehouse units and two industrial units at Roding Lane South, South Woodford, Essex. The firm scheme, which has been designed by the contractor, is scheduled for completion in 40 weeks.

The contract provides for a reinforced concrete-framed building on piled foundations and includes all services and external works. Work has begun and is due for completion in July 1981. Architects are Alex

Gordon and Partners, consulting engineers are Ove Arup and Partners, quantity surveyors are W. T. Halls and Company and the mechanical engineers Oscar

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NO SHRED OF DISPUTE WITH PRIVATE SECTOR, SAYS LORD DENNING

# Appeal judges ban steel strike call

THREE JUDGES of the Appeal Court in London, headed by Lord Denning, directed on Saturday that officials of the Iron and Steel Trades Confederation call off their instructions to members in all private steel companies to join British Steel Corporation strikers next week.

The judges said the union's order to stop movement of steel in and out of the country must also be cancelled and that all picketing of private sector premises must end.

Lord Denning, Master of the Rolls, said: "This is one of those cases where the effects on the country of such a strike would be so disastrous that it seems to me it is only right that this court should grant the injunctions requested."

The successful appeal by 16 private steel companies to stop their workers joining the strike was made at an emergency all-day sitting of the Appeal Court.

The judges allowed the companies' appeal and overturned the decision on Friday by Mr. Justice Kenneth Jones to refuse to grant injunctions against the Iron and Steel Trades Confederation.

The union was ordered to pay the companies' costs and was refused leave to appeal to the House of Lords.

Lord Denning said: "House of Lords judgments showed the courts have a discretion to prevent action, as here, which could cause grave damage to the economy and the life of the country, and put the whole nation and its welfare at risk."

He said it was important to distinguish between the public and private sector of the steel industry. There was no dispute between the private sector workers and their employers.

The workers in the public

sector demanded higher wages and did not achieve their desire, they called a strike from January 2.

The strike did not achieve its objectives, and on January 16 the union decided to call out the private sector workers who were ready to go on with their work.

Ballot had shown that most of them wished to carry on working.

Nevertheless, they were ordered to strike and if there was no court order they would have to strike or would lose their union card and perhaps their employment, said Lord Denning.

The union had also decided that all other movements in and out of the UK were to end. The workers in the private sector had no quarrel with their employers and the question had to be asked why the union decided to extend the strike.

"It is amply shown," said Lord Denning, "by letters written by Mr. William Sirs (general secretary of the ISTC) and instructions given to all the branches that by this time the union had decided that one way they might hope to achieve their ends was to bring pressure to bear on the Government."

They knew that British Steel had no money—or could not have any more printed."

Lord Denning said a strike in the private steel sector would have a disastrous effect not only on all the private companies but throughout British industry.

In refusing to grant the steel companies' injunctions on Friday, Mr. Justice Kenneth Jones had felt himself bound by the House of Lords' ruling in Express Newspapers v McNamee, said Lord Denning.

In that case, involving secondary blocking, the Lords overruled Lord Denning and two other Appeal Court judges.

"The strike did not achieve its objectives, and on January 16 the union decided to call out the private sector workers who were ready to go on with their work.

Ballot had shown that most of them wished to carry on working.

In the present case the

Government to change its policy—and that is not a trade dispute at all," said the appeal judge.

"As I see the evidence before the court, what has happened since January 16 is not in furtherance of a trade dispute."

Lord Justice Lawton, agreeing that the appeal be allowed, said any trade union could bring pressure to bear on a government, provided they did it in o

neither blocking, the Lords overruled Lord Denning and two other Appeal Court judges.

"We have gone through the Lords' judgments in that case, and they are not nearly so clear as some would believe," said Lord Denning.

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"As I see the evidence before the court, what has happened since January 16 is not in furtherance of a trade dispute."

Lord Justice Lawton said that

no doubt the union had hoped for victory after a short strike because the history of the last two decades tended to show that whenever there had been a dispute between unions and a nationalised industry there was a tendency for government intervention, followed fairly quickly by a settlement to the advantage of the strikers.

"Unfortunately for this union there was not any government intervention and it became clear there was not going to be any in the foreseeable future."

"It followed, therefore, there was going to be no quick victory and the dispute would be one of long attrition." That was one of the reasons the union decided to call in private sector members.

Also agreeing, Lord Justice Ackner said there was an arguable question whether there were two disputes, one with the British Steel Corporation and the second with the government.

If that were so there were no valid grounds for the claim that the strike of the private sector workers had been called in furtherance of a trade dispute.

"It is plainly arguable in the present case that the objective of this proposed strike in the private sector was to coerce the

# Tribunal gives pay boost to electricity engineers

BY PHILIP BASSETT, LABOUR STAFF

ENGINEERS in the electricity supply industry have been awarded pay increases of 2.4 to 3.5 per cent by an arbitration tribunal. The award could have serious implications for pay negotiations in progress with the industry's 96,000 manual workers, one of Britain's most industrially powerful groups.

The award, the final part of last year's settlement for the 27,000 engineers, takes the level of their deal for the year to 25.5 to 28.4 per cent, one of the largest agreements of the wage rounds.

The award tops up an interim increase of 2.31 per cent awarded to the engineers last July. Even at that level, the deal caused manual workers to give notice of industrial action in the power stations, which was called off only days before the deadline, when the Electricity Council matched the engineers' offer.

Negotiators for the manual workers warned yesterday that the award could spell further difficulties in negotiations this year. The manual unions have already tabled their claim for substantial pay increases and a shorter working week, estimated unofficially to be worth in excess of 20 per cent. They are due to receive a reply on February 7.

The engineers' award is expected to feature largely in

the negotiations. Mr. Frank Chapple, chairman of the trade union side for the manual workers and general secretary of the Electrical and Plumbing Trades Union, said yesterday that the award would not help to moderate the expectations of his members. "I'm afraid that what the arbitration award has done is give us a really never-ending problem. I can't see any way of it being solved in a reasonable fashion."

The manual workers' objection is not just one of a widening differential. The relativity between the manual workers and the engineers, on which the award is based, takes no account of the productivity improvements of the manual workers which mainly stem from large scale reductions in the manual work force.

Shop stewards in the industry also warned yesterday that the award would place further pressure on the council to meet the claim. The unofficial shop stewards committee will consider the award, and the employers' response to their own claim, at a meeting in Doncaster in about two weeks.

Power engineers covered by the award operate the grid system and control the distribution of electricity. The award also covers managerial grades up to oil but the most senior level.

The award, given by a tribunal

## Ruling's basis in law

THE TWO sections of the Trade Union and Labour Relations Act, 1974 (as amended in 1976), relevant to the ruling are 13(2):

"For the avoidance of doubt it is hereby declared that an application is made to a court, pending the trial of an action, for an interlocutory injunction and the party against whom the injunction is sought claims that he acted in contemplation of furtherance of a trade dispute, the court shall, in exercising its discretion whether or not to grant the injunction, have regard to the likelihood of that party's succeeding at the trial of the action in establishing the matter or matters which would, under any provision of section 13, 14(2) or (15) above, afford a defence to the action."

And section 17(2):

"It is hereby declared for the

union's dispute with the BSC was certainly a trade dispute. But there was not a shred of

dispute in the private sector.

The second dispute was between the union and the Government so as to bring pressure on the Government to bring them to heel"—so

avoidance of doubt that where an application is made to a court, pending the trial of an action, for an interlocutory injunction and the party against whom the injunction is sought claims that he acted in contemplation of furtherance of a trade dispute, the court shall, in exercising its discretion whether or not to grant the injunction, have regard to the likelihood of that party's succeeding at the trial of the action in establishing the matter or matters which would, under any provision of section 13, 14(2) or (15) above, afford a defence to the action."

lowly way. But immunity from legal action applied only where the pressure was in contemplation or furtherance of a trade dispute.

It is plainly arguable in the present case that the objective of this proposed strike in the private sector was to coerce the

private sector workers to change its policy."

Mr. Ackner said there was an arguable question whether there were two disputes, one with the British Steel Corporation and the second with the government.

If that were so there were no valid grounds for the claim that the strike of the private sector workers had been called in furtherance of a trade dispute.

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8 LOMBARD

# Guns and big Government

BY SAMUEL BRITTON

BETWEEN NOW and the Budget, the British public will have an opportunity of seeing a Milton Friedman television spectacular, which promises to be good viewing. Exactly how good will depend on whether organisers can resist the usual temptation of current affairs producers to overload the discussion section which follows the main exposition with too many "representative" personalities.

In one of the programmes, Friedman traces the trend to "Big Government," absorbing more and more of the national product with increasingly disappointing results, back to the Great Depression of the 1930s and the false lessons he thinks people drew from it. But there is surely another cause as well: war and rumours of war.

## Expenditure

It is not only the military expenditure itself, but the peacetime aftermath that matters. The classic Peacock and Wiseman study of UK public expenditure showed that the long-term upward trend was mainly the result of two large single steps, associated with the two World Wars. In both wars the Government assumed functions that it never afterwards relinquished; and post-war expenditure remained permanently higher as a proportion of the national product. It is sad that just at the time when public spending and government intervention are coming under greater critical scrutiny, the hotting up of the Cold War should be threatening another upward deflection.

Public expenditure and inflation are not quite the same thing. In both the U.S. and the UK the inflation rate in World War II was a good deal less than in the 1970s. If we look at the two big disturbances since 1945, that of Korea and Vietnam, they each had a very different aftermath. The Korean War was associated with a sudden flare-up in inflation, with commodity prices making the running. But this quickly subsided and in the 1950s world prices were creeping up at the slowest rate of any period in the last four decades. Vietnam on the other hand was associated with a "guns and butter" policy. The modest budget deficits of the Kennedy

era were swollen by President Johnson's arms spending. The tax increases to finance them were too little and too late; and instead of letting interest rates rise to take the burden, the Federal Reserve allowed the money supply to take off on a higher path. The inflationary process developed a momentum too painful to stop.

Nothing that has so far happened is on a scale comparable to Vietnam. Judging by first reports, the increase in the arms budget ordered by President Carter is an extremely small proportion of the national product.

But big events have often small beginnings. It can hardly be a coincidence that the spectacular gold boom and a commodity price increase running counter to all the talk of recession should have taken place when U.S. relations both with Iran and the Soviet Union took a nose dive. Market fears seem to be related to worries about an escalation of military spending, just as much as to any doubts about the normal anti-inflationary resolve of the main Western governments.

The main threat to a market economy based on the rule of law does not always come from the welfare lobbies. Since the late Roman Empire military expenditure has been the greatest force both for the enslavement of the individual to the State—and for currency debasement.

## Intentions

This is not the place to discuss whether Soviet intentions are really such as to justify the armed camp mentality—although it seems to me that the atrocities in Cambodia under a regime allied with China dwarf anything that has happened in Afghanistan. There is in any case the perennial danger that in defending freedom we may sacrifice what it is we are supposed to be defending. President Carter has already asked for authority to revive the machinery of conscription, if not the actual fact. If Vassar finishes taking aback if Vassar finishes ahead of the ever-improving mare at Newbury on February 9.

Silver Shadow could hardly have won with more authority on Saturday. In total command of the "wets".

Robert Vaughn.  
11.05 Film 89.  
11.15 News Headlines.  
11.37 Ancestral Voices.  
12.02 am Weather. Regional News.

All Regions as BBC1 except as follows:

Wales—1.45-2.00 Piti Pala. 2.18-2.38 For Schools. 5.55-6.20 Wales Today. 6.45-7.15 Headline. 11.35 News Headlines. 11.37 Snooker (Welsh Professional Championships). 12.05 Ancestral Voices. 12.00 am News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.15 pm It's a Great Life. 12.40-12.45 The Scottish News. 5.55-6.20 Reporting Scotland. 12.02 am News and Weather for Scotland.

Northern Ireland—5.55-6.55 pm Northern Ireland News. 5.55-6.20 Scene Around Str. 12.02 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham);

# Will Denning's law survive the Lords?

**WHILE STEEL WORKERS** strike, judges work overtime might be the flippanc comment on the Court of Appeal's ruling, after a whole Saturday's sitting, at the Royal Courts of Justice in the Strand, on the steel unions' attempt to spread industrial action to the private sector of the steel industry.

But the ruling will not only have far-reaching implications in the protracted struggle between the British Steel Corporation and the Iron and Steel Trades Confederation over pay increases for steel workers in the public sector. It will also arouse once more the growing opposition, in both political and legal circles, to Lord Denning, who at 81 is thought to have long since outstayed his judicial term of office.

For the legal profession the immediate question is whether the ruling is sound in law and will survive scrutiny at the hands of the Law Lords; and, if the case either survives that appellate review or is not taken on appeal by the unions, what effect the decision will have on the Government's declared policy to avert the Trade Union and Labour Relations Act 1974 to control secondary blacking and secondary picketing.

There were two distinct steps in the reasoning of the Court of Appeal, leading to its decision to grant the injunctions requested. First, was the action in calling out the steelworkers in the private sector "in furtherance of a trade dispute".

If there was any doubt about that, should the court, pending

the trial of that issue, grant relief to the private steel companies on the basis that the balance of convenience pointed to stopping the secondary strike action rather than leaving the parties to enjoy and suffer respectively the consequences of industrial action?

The Court of Appeal was faced with the recent ruling of the House of Lords in *Express Newspapers Ltd v. McShane* which laid down the test for answering the question. "Is it sufficient for those claiming the trade union immunity from legal action simply to have a genuine intention to further an existing trade dispute?"

The majority of the Law Lords in that case said that the test was a subjective one and means that if the trade unionists act with the purpose of helping their cause to achieve their objectives in an honest and reasonable belief that it will do so, he is acting in furtherance of a trade dispute. Nobody denied that the ISTC had a trade dispute with BSC. Why then was the threatened strike action prompted by the officers of ISTC, among private sector workers who had no dispute with their employers still not a furtherance of the primary trade dispute, at least in the honest belief of Mr. Bill Sirs?

Because, Lord Denning observed, the action of the union was to get the Government to change its policy of non-intervention, and that was not a trade dispute. "It could not be said on the present evidence," he said, that bring-

ing pressure to bear on the Government "to bring them to heel"—so that they would provide more money to BSC was a trade dispute.

Lord Denning justified his interpretation of the evidence on the footing that the judgments in the McShane case "are not nearly so clear as some would believe." But in that case the extension of the trade dispute between the

sustaining their immunity at

that the injunction should be granted. In the McShane case, Lord Scarman had postulated a case where a trade dispute so endangered the nation, or put at risk such fundamental rights, such as Press freedom, that the courts might restrain the industrial action pending trial.

But the Court of Appeal

seems to have put its decision to grant an injunction more on the principle of a balance of convenience than in the ordinary rule in other types of legal action. In *American Cyanamid Company v. Ethicon Ltd* the House of Lords laid down that the court, in exercising its discretion whether to grant an

the authoritative line of thought.

The ruling will at least give the Government some breathing space while it reflects on what legislation it would like to bring in to amend the law to achieve the kind of result produced by the Court of Appeal. It is well known that legal draftsmen are finding acute difficulty in framing language apt to outlaw secondary blacking and picketing, without in some way damaging the generally acknowledged right of trade unions to their immunity for industrial action against those with whom they are directly in industrial dispute.

If the House of Lords were to uphold Saturday's ruling—and that seems wildly improbable, if only because the McShane ruling envisaged just such a situation that would be covered by the statutory immunity—the Government would feel relieved of the unenviable task of finding the apt formula. The judges would have done the job for them.

The only problem they would be that subsequent industrial action, sympathetic, strike, secondary blacking, and picketing—would always be a candidate for litigation, on the basis that no two cases are alike and lawyers are always adept at finding recouped distinctions between them. Lord Denning in a series of judgments has shown a hearty dislike for the American Cyanamid ruling, and thinks that it has led too readily to interlocutory injunctions being given. Now he appears by implication, to have followed

"1980 2 W.L.R. 19."

[1975] A.C. 326.

## THE WEEK IN THE COURTS

BY JUSTINIAN

National Union of Journalists and the Newspaper Society, representing the proprietors of provincial newspapers, to NUJS's call to its members to take industrial action against the Press Association, which supplies news to all newspapers with whom there was no dispute, appears to preclude any distinction.

The fact that British Steel Corporation is a public corporation answerable to a Minister and sustained by public funds means that the Government is inextricably linked to its statutory creature, whether or not it involves itself with the latter's labour relations. But arguably, Lord Denning in

the case of *Express*—which was in furtherance of a trade dispute—is in doubt, other factors may weigh with the court in deciding that labour injunctions should issue.

The Court of Appeal said that the ISTC action was one of those cases where the effects on the country would be so disastrous

## No mistake this time, Jonjo

ALTHOUGH JONJO O'NEILL opted incorrectly for Major Thompson in preference to Within The Law for last year's Schweppes Gold Trophy I can see him making a similar error this time.

Silver Shadow gave O'Neill such a care-free ride in landing

## RACING

BY DOMINIC WIGAN

Doncaster's Yorkshire Handicap on Saturday that I shall be surprised if he deserts her in preference to Vassar. Furthermore, I shall be equally taken aback if Vassar finishes ahead of the ever-improving mare at Newbury on February 9.

Silver Shadow could hardly

have won with more authority on Saturday. In total command

of proceedings from fully half-a-mile from home the Peter Easterby-trained six-year-old was being pulled up before the winning post, which he nevertheless reached with seven lengths in hand of runner-up Danish King.

Although Vassar was withdrawn from Ayr's Kilchoch Handicap Hurdle on Saturday owing to uncertainty over ground conditions, and may be poised to give O'Neill yet another winner, there seems little prospect of him displacing his stable companion Silver Shadow, and Snowtown Boy at the head of the Schweppes market.

Anyone with more than a passing interest in the Waterford Crystal Champion Hurdle might do worse than pause for thought over the result of Cheltenham's Tote Treble Hurdle. In that event Fred

Reed's champion, the Dickinson six-year-old should recuperate losses in today's Nottingham Champion Novices Chase.

## NOTTINGHAM

1.30—Super Jas  
2.00—Charnhallish\*\*  
2.30—Jimmy Mif  
3.00—Big Ben\*\*  
3.30—Ballygarvey\*  
4.00—Mr. Oliphant

NOTTINGHAM  
1.30 Monday film: "Pride and Prejudice" credit cards £3.26 99051.  
2.00—The Royal Wedding. 2.30 pm. West.

2.30—Mystery. 3.00 pm. "Night and Day". Directed by Peter Woods.

3.30—Carte a GILBERT & SULLIVAN. 4.00 pm. "The Mikado". Directed by Peter Hall. 5.00 pm. "Man of La Mancha". 6.00 pm. "The Mikado". 7.00 pm. "The Mikado".

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## ICA Theatre

## Dance Umbrella

by CLEMENT CRISP

The purpose, and it is a valuable one, of Dance Umbrella, is to provide a showcase for the many small and experimental Contemporary Dance groups in this country, and by inviting foreign participants—the Dutch Springplank and Pauline de Groot; soloists from the U.S.; an ensemble from Canada—to offer comparisons and contrasts. During the next five weeks this omnium gathering of dance will be seen in Plymouth, Cardiff, Bristol, as well as at five sites in London. Inevitably, standards will vary, it would be unrealistic to suppose that there is enough creative talent to make each evening memorable, and not the least important of this festival's achievements will be separate choreographic wheat from tedious chaff for future sponsorship.

I saw three of the initial performances at the week's end. The setting was the ICA Theatre, far from satisfactory because of poor sight-lines. It would, however, need more than an improved location to make much sense of the programme by the American dancer Naomi Sorkin on Wednesday. I found the only enjoyable aspect of the evening to be the contributions of the cellist Lesley Shrigley-Jones and the pianist Helier accepted the spiralling

## Greenwich

## Liberty Hall by ANTHONY CURTIS

What are Warwick Deeping, Enoch Blyton, Godfrey Wyman and Hugh Walpole doing in Balmoral Castle in 1937? Michael Frayn keeps us guessing about that for 20 minutes, while they eat their breakfast in a bare, bleak, antlered room, whose huge grate contains only a two-bar electric fire.

Clue number two lies in the fact that the kedgeree is made of turnips and barley, not rice and fish. Clue number three in the surliness of the butler, McNab, who stumps about in wellies and a green beige apron.

Here is no mass investiture for the Companion of Honour; instead, there has been a workers' takeover of Britain in

1917 and the one-time Royal residence is now a home for writers in which the above-mentioned scribes are immured, under the surveillance of one Skinner, a role as tailor-made for George Cole as his double-breasted suit.

Poor Enid (Rowena Cooper) suffers most, not only from the lack of heating but because her books are now judged to be subversive. She is forced to write erotic poetry. Dear Godfrey (Julian Fellowes) in a silk cravat tries to look on the bright side and remain a gentleman.

Deeping (Anthony Sharp) has withdrawn into resigned aloofness. Hugh Walpole is sinfully absent.

Skinner, while blowing them all up for not leaving their meal vouchers on the sideboard, announces Hugh has "left." They all know what that means and squat over who should occupy his room. In the midst of this, he returns and expires of a heart attack when he sees what has happened to his possessions.

The reversal of situations between some iron-curtain regime, as it might be today, and Britain, as it might have been then, takes an unconscionable time to become established. You feel that what might have begun as a writer's fantasy after a good dinner, and then gone on to become an excellent New Statesman competition, has become promoted way beyond its station as a full-length play.

But at this point, in Alan Dossner's production, things begin to look up with the arrival of a visiting journalist from capitalist Russia (Oliver Cotton) and his pretty guide, Jill Meager, who demand to see Walpole. The only thing for it is that McNab should put on Hugh's specs and topcoat, and give them what they want. It is here, in the nick of time, that Mr. Frayn shows considerable skill as a farceur and proves to have many more reversals and surprises up his sleeve than we had bargained for.

Rikki Fulton, a pantomime comedian with a Formby-alike grin, doubles the roles of Walpole and McNab, with splendid dominance. As tons of whisky reluctantly prised out of Skinner begin to circulate, the cards of identity among the group are doubled and swapped like some manic game of pelmanism. Mr. Frayn loves long, big group scenes. He has an empathy with the need of people living under a repressive regime to escape from themselves in orgies of drunken soul-stripping hilarity. He has been fortunate in his director and cast, who give him strong support at all points. The laughter was continuous. The play does well by the Greenwich stage. Whether it will ever reach the West End I am not sure, but it certainly seems a natural for Pitlochry.



Rowena Cooper, George Cole and Jill Meager

## SOCCER BY TREVOR BAILEY

## Liverpool end the Forest hoodoo

NOTTINGHAM FOREST were the one team able to dispute Liverpool's claim to be the finest in the land, and could support this by a series of successes against them in vital games. Since Forest salled back into the First Division under the pennant of Brian Clough, they have stolen the League title from Liverpool, beaten them in the final of the League Cup—the one title to have eluded Bob Paisley's men—dismissed them from the European Championship and succeeded them as European champions.

## Chances

When the pair clashed at Nottingham in the fourth round of the FA Cup, Liverpool knew they had won only once and scored three times in their last 10 meetings, and they also had lost 1–0 in the first leg of the League Cup semi-final earlier in the week despite dominating the match. It therefore provided a test of both ability and character, and Liverpool

emerged with great credit. Their 2–0 victory was thoroughly deserved and did not adequately convey their all-round superiority throughout a game they controlled from start finish.

## Employed

Although the only goal in the first half was eagerly snatched up by Dalglish, after Shilton had made an uncharacteristic mistake, this fine Merseyside machine created seven positive chances, whereas Forest managed only one, a long-range drive straight at the keeper.

At half time Brian Clough substituted Burns for Lloyd and, more intriguingly, moved Francis, who had been employed as a twin spearhead with Birles, back to the right-hand side of his mid-field line. He also pushed O'Neill forward in his place up front, presumably because the Irishman is less worried by an indifferent, almost non-existent service, tight marking and little support than his more talented

but less aggressive colleague.

In the opening stages of the second half the host team exerted some real pressure, but even then one felt that if they did equalise it would be as a result of a goalmouth melee rather than from a clear-cut opportunity. Eventually a penalty settled the issue.

If one examines the composition of the two teams nobody should be surprised at Saturday's result. Man for man, and especially in that mid-field engine room, Liverpool are for the most part superior, and on this occasion they were at least a class better.

The real surprise is that Forest have done so well against them. It certainly underlines the outstanding attribute of Brian Clough as a manager, his proven ability to make a team and the individuals in it consistently play above themselves.

Last week managers were warned not to criticise referees, who have a difficult job without the advantage of action replays. However, they do make too many mistakes for comfort, especially in their use of the yellow card,

so that one can understand a manager's frustration.

With so much at stake and the niggles from the previous meeting still fresh in mind it was always probable that some ill-temper would spill out and foul occur, even from two such well-disciplined sides, in which case can afford to be suspended in case he loses his place.

## Faced

The referee, Mr. White, was correct to be strict, but rather over-did the bookings, some of which were undeserved.

The player who dribbles and suddenly realises that he has allowed the ball to drift just too far ahead of him and will lose it, is faced with an instant decision.

His only choice to regain possession is a desperate tackle, in which the odds are that he will be late and probably come off the worse. The brave, possibly the foolish, will take this instinctive gamble, which if unsuccessful warrants a foul, but hardly a yellow card.

ONE OF THE saddest pieces of news in Rugby circles last week was the announcement that Mr. Norman Sansor had resigned from Scotland's international referees' panel. The reasons are varied—increased business commitments, less time to keep fit and, more significantly, a self-confessed lack of motivation to carry on at the highest level.

He will be very much missed. His firmness has become a by-word in the game and the game will be the poorer for losing his authority.

There must be widespread concern at the general decline in refereeing standards. This year, for example, England have nominated only two of three choices for the international panel. There is also anxiety about the drop in referee recruits. But, of course, these days there are so many other contributions that can be made that refereeing has a comparatively low priority.

Refereeing is a difficult art calling for great tact. I have always thought that good refereeing was good management. But whereas there used

to be a good deal of light bading, I suspect that the banter these days has more edge to it. Certainly the referee's job is much more difficult now because of the complexity of laws and increased competitiveness.

Mr. Sansor was in charge of Leicester's John Player match on Saturday against Orrell. Leicester the trophy holders, won 16–7 amid a genuinely lively cup atmosphere for this enthralling game. The pity was that the two sides met so early in the competition because Orrell would have beaten most of the other teams.

Leicester are a well-prepared side and much better equipped in the rucks and mauls where the strength of Cowling, Wheeler and Redfern was well supported by Adey. This gave them a constant supply of possession and they were able to hustle the Orrell pack and pin down defenders. The Leicester forwards were most adept at slipping the ball among themselves, with Adey seeming to be at the centre of this.

Like so many other clubs, Leicester are short of two

second-row forwards. Joyce is still not fit and neither Gilligan nor Hazlewood is really big enough. Leeser conclusively lost the early line-out to Bainbridge, until they began to use Adey with great variety.

It was a good job that Leeser scored 10 points in the first half-an-hour, because after that their halfbacks, Kenney and Cusworth, lost their way tactically.

Cusworth is clearly still in shock after his international experience and it was left to Dodge, Woodward and Hare to give the Leicester backs real momentum. Woodward gets away at club level with his alarming tendency to double back across the field but he will not do so in Paris next week.

Orrell's rise in rugby has been meteoric and they have obviously been thoughtfully coached by Des Seabrook. The lack of bulk in the pack is a problem. It did not stop them tearing in to Leicester but good mauling is only possible with good upper-body strength. Nevertheless, the Leicester forwards admitted that they had a tough time.

## THE ARTS



Charlotte Cornwell

## Warehouse

## Bastard Angel

Watching Barrie Keeffe's ambitious new play on Friday night in company with a predominantly middle-aged audience (well, it is advertised as "not suitable for children"), it was hard to avoid the impression that here was a big-scale piece not really good enough for a big stage but, after all, almost vicariously, a few insights into an alien culture. Rock star on the slide, victim of all that money, booze, alienation from roots, travel, cocaine, etc. Joplin, Morrison, Hendrix, perhaps even Presley. They were all destroyed in the end.

Mr. Keeffe's heroine, Shelley, singer with the Angels, conforms to all the received ideas on the subject except in one crucial respect. She is not particularly self-destructive. Just a bit of a slob with a matching line in self-delusion that suggests she can keep true to herself by swearing a lot. In the course of a very long evening, it is not until about 10 o'clock that any real evidence is produced to explain why Shelley is on the skids. In Brighton she has been somewhat seduced by a middle-class group. He turns up again in the Essex country mansion she

has taken on. He is one of the children she has abandoned.

The major weakness of the play is that the destructive effect of the incest revelation, the hounding in the Press and so on, is weakly dramatised. Charlotte Cornwell, who has played Shelley with a fine and distinct arrogance, suddenly goes a bit silly and starts mooning around in a blanket and listening to Sibelius. Mr. Keeffe has been badly caught out by the demands of narrative in what, I imagine, he started off as an impressionistic look at the rock world.

The action is shredded through four very exciting interludes at the Berlin concert which has marked Shelley's return to the stage after her breakdown. Andrew Dickson's music is marvellous, very well performed by Miss Cornwell and the actor/musicians, especially Daryl Read on the drums. It has a feel of glitter rock and roll about it, but it is also very aggressive. The final song is "Stand By Me," Shelley, having rejected sympathy and friendship in life, pleads for it in her act.

The new Bette Midler film, *The Rose*, covering similar territory, is almost as long as *Bastard Angel*.

MICHAEL COVENY

## Elizabeth Hall

## Finzi and Lutyens

The Richard Hickox Orchestra has become the City of London Sinfonia; and, to mark the change of name, Mr. Hickox, the orchestra, and the Richard Hickox Singers (a small choir of the very biggest quality) offered on Saturday evening "A Salutation to English Music." Mostly, it was English music of a certain sort—a blend of early 20th century modality, or winding, sleepy, Anglican-tempered melody in anapaestic and dactyl metres, gently loping along. Together, two Holst Psalms, 46 and 148, for chorus and small orchestra, and Vaughan Williams' *Flos Campi* for solo viola (Garfield Jackson, a sensitive, nervous soloist), wordless chorus and small orchestra, made for a rather unvaried concert start.

Gerald Finzi's *Die Notnöte*—the concert was partly sponsored by the Finzi Trust, and there was more of his music after the interval—compelled a less vagrant attention. The five movements for string orchestra, four of them high voice settings of Traherne, are each finely achieved. Though performance of single parts is permissible, the feeling of the whole is strongly cyclic. The string writing flows, sonorous, detailed. The vocal settings invoke both philosophy and fervour, reverence and mystical rapture

risen to Cavafy, quite as vividly as she rose to another distinguished European poet of this century, Quasimodo. In 1967 *And Suddenly It's Evening* (a cycle whose solo Phillip Langridge has often undertaken with great skill).

*Elegy of the Flowers* is a linked set of what are called "canzonas", vocal-instrumental alternating with purely instrumental. A four-note motive—in later guises oddly reminiscent of Wozzeck's "Wir armen Leut!"—makes briefly concrete the intensely poignant but at times almost disembodied lyricism of the music. The vocal line is a heightened kind of recitative: the instrumental writing at once spare and continuous in momentum, radiates a secret magic. In a central non-vocal canzona, a six-bar episode for tremolo violin and violins, horns, and a glockenspiel tingling along a sextuplet ostinato, repeats itself first thrice, then twice, and finally just once: it seems to sum up the mature, hauntingly beautiful musical response to poetry of like quality.

There was a substantial amount of excellent verse to be heard during this concert. The failure to print any of it in the programme was deplorable. MAX LOPPERT

## Wigmore Hall

## Duo Corre-Exerjean

Philippe Corre and Edouard Exerjean are a duo of some four years' standing, and they appeared at one piano on Friday in an all-French programme.

It was very much an after-dinner programme, though moderately enterprising; I regretted not having dined. The duo did not appear to be enjoying themselves much, either.

They played with solid taste and efficiency, regularly exchanging places at the treble and bass ends of the keyboard.

Exerjean, the more volatile performer, was inclined to overweight the bass, but they were otherwise professionally unanimous.

Their correct account of the "Dolly" Suite of Fauré lacked a little affection, as Bizet's *Jeur d'enfants* lacked verve and colour (they expounded Bizet's little pieces very dryly, almost as if they had settled the perennial duettists' problem about who controls the pedal by agreeing to use it as little as possible).

From their rendition of *Souvenirs de Boyreuil*, a rude

Wagner travesty by Fauré and Messager, it was difficult to tell whether they think it a joke—it is anything but a deadpan joke, and yet they betrayed no hint of mischief.

Corre and Exerjean warmed somewhat in the second and more demanding half of the recital, though they hustled through Satie's pungently original and touching *Trois morceaux en forme de poire* as though anxious to make the set reassuringly normal and unpeculiar.

Their brittle energy suited Poulen's very early Sonata well, and they attacked a piano-duet version of Milhaud's *Le bouquet sur le toit* with enthusiastic panache. (The piece itself seems slender indeed without its garish orchestral trappings.) It dispelled at last a certain *froideur* which had touched all the earlier proceedings. The duo probably has much more communicative evenings. The programme sheet might reasonably have warned the audience that Satie's "trois morceaux" in fact number seven.

DAVID MURRAY

## Festival Hall/Radio 3

## Tippett

by MAX LOPPERT

The Tippett 75th birthday celebrations spread Londoners a rare feast last week: two major orchestral works in two successive concerts at the Festival Hall. On Wednesday, the Royal Philharmonic included the Concerto for Orchestra in a programme of Haydn and Dvorák; on Thursday, Haitink and the London Philharmonic placed the Third Symphony alongside Mozart's G minor K 550. The first was broadcast on Radio 3, and the second recorded for future transmission.

The experience of hearing both was notably enriched by this South Bank succession. The Concern (1963), a further development of bold new ideas about forms and sounds first outlined in Tippett's second opera, King Priam, is one of the most exhilarating of all his orchestral compositions. At this time, Tippett was striking out along a new path. In the Concerto he "collides" different orchestral groups, each with its characteristic thematic material, rather than conventionally synthesising them. The discourse proceeds by means of dramatic and dramatic juxtapositions.

The Dorati/RPO performance was a little underpowered, lax about rhythmic definition and wanting in forward movement, though more successful at characterising the lyrical impulse that lies behind even these supposedly sharp-angled and hard-edged blocks of sound. Tippett's having achieved a thoroughly integrated structure, and that was, I felt, the conductor's rather than the composer's fault; but it was an apt demonstration of the imaginative profusion of the music, sensed in delight in such things as the proud strut of the first-movement horn trio and provocation of stuttering trumpets, the exulting beauty of the slow movement solo cello, and the argumentative enthusiasm of the coursing violin triplets in the third.

The Third Symphony (1972), almost as evocative of *The Knor Garden* as the Concerto of the earlier music-drama, seems in its first two movements—the most eloquently inspired and completely achieved orchestral music Tippett has ever written. The innovations of the earlier period have been absorbed, the gains reinvested (one of the advantages of hearing the two in such close proximity was the close demonstration of this point, particularly in the Tempo 1-Tempo 2 contrasts of the open-

ing Allegro); in particular, the slow movement that calms the sudden, jagged interruption of the fast with a gentle, mysterious whisper of percolating violins and the spiraling glow of the solo violins, embodies perhaps more powerfully than any other in Tippett's music the special charms it has, unique in our culture, to soothe savage breasts. Though elsewhere in Haitink's performance the playing was not always securely gathered, the effect made here was exquisite.

And then the Scherzo, the quotation from the fourth movement of Beethoven's Ninth, the entry of the soprano soloist, and the Blues... However much I admire the abundance of compassionate generosity in the statement about 20th-century experience made by the vocal movement, and however warmly I respond to the brilliant vitality and high colour of the vocal lines, I cannot escape awareness of a giant question mark hovering over theヨaking together of so many incompletely asserted styles and poetic images. I would be interesting, once to hear an American soprano—Jessye Norman!—undertake the solo: for perhaps the gaiety in idiomatic character would provide the binding felt to be missing last night. Janet Price, a warm-hearted and in lines not requiring quick agility poised soprano, can hardly be blamed for betraying in accent and vocal movement that the blues is not her birthright.

A brief word about two new Tippett books. David Matthews' short "introductory

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## • COMPUTING

### NCR promotes production systems

A NUMBER of enhancements have been made by NCR to its manufacturing computer systems, the company once again emphasising its growing interest in application areas outside the commercial, retail, financial and government areas. The company predicts "dramatic changes" in the industrial area in the future.

It has two main manufacturing offerings. Its interactive manufacturing and control system (IMCS) is for relatively small scale applications on a stand alone basis and runs on the \$200 mini or the larger \$400.

The bigger system, Mission, uses a data-base approach and is for larger scale multi-location systems, probably running on big Criterio mainframes.

IMCS offers a means by which all the key parameters of manufacturing ranging from stock control in order processing can be continuously related and updated, relevant data being entered by keyboard visual displays.

More from NCR, 206, Marylebone Road, London NW1 6LY (01-723 7070).

### Powerful aid for writers

JOURNALISTS will have a foretaste of reporting on a computerised paper when they visit the Information Management Exhibition and Conference (IMEC) at Wembley Conference Centre from February 18/21.

The press room will be equipped with a Datapoint multi-function terminal and journalists will be able to use the machine to write stories to meet "immediate deadlines."

Instead of wading through the hundred or so press releases which will fill wall racks in the press room, users will be able to call up information about each exhibitor's products on the display screen of the terminal, which is linked to the Votek integrated electronic office system displayed on one of the exhibition stands. The information is stored on disc files on the system. It will help journalists pinpoint the specific details they want.

Menu selection procedures on the screen will help them choose

from a list of different types of equipment on display such as word processors or micro-computers. When they have selected the type of equipment, the computer will list those companies exhibiting in that category.

The user selects which company he wants information about. When the information is displayed on the screen, the journalist will be able to edit it to suit his own requirements. Using the VDU keyboard he can add to or amend the basic information provided. When the story is completed to his satisfaction, he can get the information printed out on a printer attached to the terminal, ready to go to his news editor.

Ventek's NBI System 3000 paperwork processor will also be on display at the IMEC exhibition.

Ventek, Station House, Harrow Road, Wembley, Middlesex HA9 6ER. Tel: 01-903 6261.

## • INSTRUMENTS

### Despatches heat data

ROSEMOUNT Engineering has announced the 345 series of rack mounted temperature transmitters and alarms.

These new instruments are based on Euro-card dimensions. The transmitters are ac-powered plug-in units which convert resistance thermometer, thermocouple or millivolt input signals into standard output currents. The alarm amplifier accepts a millivolt input signal and provides changeover relay contacts at the output.

Each transmitter has continuous span adjustment over a 3:1 range by means of a multi-turn potentiometer located on the front panel. Zero elevations and suppression are achieved by the use of board level and front panel potentiometers. The units are designed to be immune from interference by radio telephone transmitters.

An associated racking system to DIN 41494 allows up to 10 units to be mounted on a 19 inch rack, 54 inches high.

More from Durham Road, Bognor Regis, Sussex PO22 9QX (0343 3121).

### Simplified flowmeter

NO MOVING parts are used in an ultrasonic vortex flowmeter recently announced by Brooks Instrument by PO Box 38, NL-3900 AB, Veenendaal, The Netherlands.

Basic principle of measurement is that a vortex shedding strut in the liquid flow path causes a predictable series of swirls or vortices downstream, the number of which is directly proportional (per unit time) to the flow rate.

The vortices are detected by an ultrasonic beam and transmitted in a solid state signal conditioner which is designed for remote mounting at a distance of up to 300 metres. Flow is indicated on a percentage scale, or the volume is totalised on an eight-digit non-resetting electromechanical counter.

Ambient temperature limits are -15 to +60 deg C and the meter can operate with process liquids from -40 to +120 deg C. The unit has a virtually obstruction-free flowpath and the pressure drop is only 1.5 psi at maximum capacity.

Trouble free operation is assured with process liquids such as condensates, caustics, acids, hydrocarbons, liquefied gases, beer and particle-laden liquids.

## • COMMUNICATIONS

### Solves many hotel problems

BASED ON a background of wired television and audio which goes back to 1963, Television Systems and Research of Beaconsfield is able to offer a communications system for hotels which enables most of the requirements of the modern establishment to be met.

The TSR approach is to have only one multi-pair cable which connects all the rooms and key areas of the hotel to a central computer for purposes which can vary from reservations to check out and billing.

Hotels of 200 rooms and up are the market target for the system, which is based on a Texas Instruments 980 mini-computer and associated keyboard visual display units, disc storage and printers.

## • MATERIALS

### Identifies explosive

SAND GRAIN sized magnetic "tags" that can be blended into explosives during manufacture to help identify their source, have been produced by General Electric (USA) for the U.S. Treasury's Alcohol Tobacco and Firearms Bureau.

Each batch of tags would be coded magnetically and uniquely to identify the manufacturer of the explosive and the date and place of shipment.

To help investigators locate the practically invisible particles at a blast scene, they contain a phosphor that glows brightly under ultraviolet (UV) light.

The magnetic code is generated through the use of ferrites—oxide compounds containing iron, zinc and nickel. The ferrites and the phosphors are held together by glass or polymer binders that enable them to survive the detonation of such

explosives.

The tags are being made at the GE Heavy Military Equipment Dept., Syracuse, New York, U.S.

## • ASSEMBLY

### Prepared for wiring

TWO machines are announced for the preparation of cables and components for wiring.

From Sealeetro, Walton Road, Portsmouth, Hants (Cosham 73211) comes a hand-operated rotary cutter for stripping the outer copper sheath and dielectric from 0.141 and 0.085 diameter semi-rigid coaxial cables. Designated T1844, the tool is supplied complete with interchangeable guides and has adjustable stops for depth and position of cut. The tungsten carbide cutting blade is replaceable.

Eraser International, Unit M, Portway Industrial Estate, Andover, Hants (0264 51347).

The other machine, for production line use, is from Eraser International and will automatically cut, bend, loop and pre-form the axial leads of electronic components. Known as the UF2RL, it is a custom-built machine able to provide a wide variety of heads/shapes in the leads. Production rates of up to 10,000 pieces per hour are possible. Electro-pneumatically operated, the machine measures 30 x 25 x 30 inches and weighs 89 lb. More from Eraser International, Unit M, Portway Industrial Estate, Andover, Hants (0264 51347).

Siemens House, Windmill

and these are automatically stored and related to the account.

On check out, all guest charges are recalled from the computer and the bill is printed automatically.

TSR, which already has systems installed in Intercontinental, Sheraton, Holiday Inn and tourist hotels (in Russia) has a turnover of about £3.5m and has made a total of 100 installations in the U.K. alone. About 70 per cent of its business however, is outside the U.K. and a particular success area has been the Middle East.

More from the company at The Old Post House, London End, Beaconsfield, Bucks HP9 2JH (0494 71706).

## • COMPONENTS

### Tougher transducers

TELEPERM-F describes robust electrical transducers for measuring the pressure in gases, vapours and liquids.

These Siemens components include transducers for the differential measurement of gas pressure and flow in the low- and high-pressure ranges, thermal monitoring, phase unbalance monitoring, undercurrent detection and several others.

Alternatively, overload and undercurrent warning can be replaced by a current input proportional to the measured value. The signal can be displayed, recorded, or fed into a controller or process computer for further processing.

Measurement is based on the metal bellows principle, i.e. the pressure being measured deflects an aneroid type capsule. This deflection is converted into an electrical output signal by a capacitive pick up. The transducers are of simple mechanical construction using a hermetically welded single-chamber movement.

Teleperm-F units for absolute pressure are available in six ranges from 4 to 2,000mbar. For differential pressure they are available in several ranges from 4 to 28,000mbar and for flow metering from 10 to 2,000mbar. The versions for differential pressure, throughout, pressure and vacuum testing have measuring spans from 1 to 20mbar.

Siemens House, Windmill

## • SAFETY

### Micro eye on motor

GENERAL PURPOSE motor protection servo-controlled current input to a motor or maximum demand monitoring are the three modes of operation that can be obtained from a digitally based protection unit about to be introduced by Old Patch Associates, 49 Milton Avenue, Rustington, Sussex BN16 2PW (09062 6601).

The company is aiming the product at such installations as induction fans, pumps, compressors, crushers, conveyors, belt mills, and other areas where three phase motors are employed.

Signal inputs are derived from three current transformers in the phases and in the input stages of the unit; these are digitised to provide data for an eight bit processor. Command and interrogation of the micro are carried out from a terminal which can be remotely connected over a data link at 1200 baud via a modem. A local service keyboard is connected through an RS232 interface, and a mini could also be connected in this way. The micro in turn is connected, within the unit, to power control/switching circuits.

The system can be programmed to perform a number of tasks in motor protection mode including overload monitoring to within one per cent, thermal monitoring, phase unbalance monitoring, undercurrent detection and several others.

Also provided is an introductory volume in which the user is taken step by step from fundamental notions to complex programming techniques. A second volume deals with interfacing.

Price is £421 and this includes a one-day course. More from Milton Road, Cambridge CB4 4BN (0223 314866).

## thurley

### DIRECT GAS-FIRED SPACE HEATING AND PROCESS HEATING

Ripon Road, Harrogate, N.Yorks. Tel: 61511 Telex 52559

## • ELECTRONICS

### Learning the system

REALISING THAT microprocessor hardware (of which there is a good deal) and courses or books on the micro (of which there are even more) are not taken separately, the best answer of learning about the subject, Cambridge Micro Computers has decided to offer the two together.

The NBZ-505 is a self-contained unit with its own power supply, hexadecimal keyboard and a hardware development system consisting of a solderless breadboard on which to connect other parts of a system, LEDs, switches and so on.

Called the Nanocomputer, the unit incorporates 4000 bytes of random access and 3000 bytes of read only memory, interface for a serial terminal and cassette recorder, two input-output ports, a 26 key keyboard, eight digit display and a fully accessible bus. Expansion is possible.

Also provided is an introductory volume in which the user is taken step by step from fundamental notions to complex programming techniques. A second volume deals with interfacing.

Price is £421 and this includes a one-day course.

More from Milton Road, Cambridge CB4 4BN (0223 314866).

amps designation NCR 57-71 York House, Empire Way, Wembley, Middlesex (0895 38365).

• Plug-compatible analogue input boards for the DEC LSI-11 family can be supplied by Burr Brown, 11 Station Road, Watford, Herts, WD1 1EA (0923 33637).

• RCA has made price reductions of 50 to 80 per cent on its CMOS microprocessors by using plastic packaging. Sunbury-on-Thames, Middlesex (Sunbury 85511).

• Motorola has silicon controlled rectifiers able to dump peak currents of 300 to 1,700

amps, designation MCR 57-71.

York House, Empire Way, Wembley, Middlesex (0895 38365).

• Intel can offer the 2114 LK x 4

static random access memory with 50 per cent lower access time and taking about 40 per cent less power. Designation is 2114A. More from 4 Between Towns Road, Oxford, OX4 3NB (0865 771431).

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## THE MANAGEMENT PAGE

## EXECUTIVE HEALTH

## Rash diagnoses

**NOT INFREQUENTLY** one sees a patient who is in a state of great agitation over something quite trivial. Invariably, this is not his fault but that of those he fancies to be his friends—generators of panic in susceptible people, via the exposition of false and often absurd observations born of ignorance and a love of macabre melodrama.

The particular patient I have in mind had a relatively common condition called pityriasis rosea (which literally translates as "rosy breo"). The disorder is believed to be caused by an unknown virus, and usually begins with a "herald" patch—a large red area situated on the abdomen, thorax or back. This is followed some 7-14 days later by the major rash.

Others join in the mournful dirge, so that, by the time he visits his doctor, he is a wreck of nerves.

It is a strange human characteristic to rejoice in this type of thoughtless gloom which causes misery to the patient and wastes the doctor's time. It might be better if we could revive the old vague for attending funerals—anybody's funeral—to weep and wail and have a jolly good time, at least it might allow these antisocial elements to be ghoulish in less harmful ways.

Then there is the type of friend who likes to play the kitchen Hippocrates. A remark made by one of these to a man I saw recently was as illogical as it was effective. "Well," said this sage knowingly, "that rash of yours must be measles or chickenpox or shingles, seeing you have never had them. Very nasty."

The patient did indeed have a rash. But it was nothing his amateur doctor had ever heard of or could pronounce. His victim was very anxious, but as he had no other signs or symptoms, the possibility of his suffering from any dire disorder could be dismissed.

The average general practitioner sees many skin disorders; indeed they must run a bad second to upper respiratory complaints.

The non-specialist physician often finds these disorders difficult to diagnose and, therefore, to treat. But he may take heart in the knowledge that whatever he prescribes, Nature usually cures the condition as mysteriously as she gave it.

Many correct diagnoses are little more than descriptive; some have charming names reminiscent of flowers, fruits and even sea-creatures. Yet despite this inexact science, the patient is undoubtedly made happier by the knowledge that

Dr. David Carrick

Laurie Barratt, chartered accountant from Newcastle who has taken a little over 20 years to establish Britain's largest private house building group, is untroubled by the City's grudging acceptance of his success.

Despite its record of consistent growth and almost continuously rising profits, few mentions or appraisals of Barratt Developments by brokers' analysts pass without some qualification about its prospects. It is regarded by some as a potentially vulnerable operation in an already risky business and Barratt is well aware that his company's name is invariably conjured up and attached to any rumour which might be circulating about imminent calamity in the construction sector.

His response to the critics which haunts Barratt's progress is delivered with an air of resignation which implies regular use. "As a group we have never taken undue risks and never attempted to expand beyond our means. We are in full control of our destiny and very soundly based."

The City's opinion of Barratt has unfortunately been clouded by past failures in our industry and it does not always manage to differentiate between good and bad. With good management, building offers a sound and secure future, and we wait to be judged on our track record rather than on any general theories about the problems surrounding the construction sector."

At least some of the reservations surrounding Barratt's standing are most certainly based on the wider difficulties to which its chairman and managing director refers.

The patchy record of the construction industry overall, regularly used as a crude economic regulator by successive governments, provide sufficient grounds for caution in the examination of any construction group's potential.

The uncertainties are compounded, however, in the private housing sector where underlying demand—not always allowed to become effective—appears to be the only stable element and where profit margins seem to fluctuate as rapidly as the mortgage rate.

To win unqualified approval against such a traditionally unstable background would at the best of times be hard but Barratt has in the past also had

## Why Barratt thinks it is safe as houses

Michael Cassell talks to the controversial head of Britain's biggest private home builder



Leonard Barratt

Laurie Barratt: "The City does not always manage to differentiate between good and bad."

against 10,000 last year, and a nationwide spread of 30 subsidiary companies.

In the financial year which ended last June, Barratt surprised most forecasters by announcing a rise in pre-tax profits from £11.2m to £20.7m.

This year, who output in the private housing sector as a whole looks set to fall by as much as 15 per cent, Barratt's house-building programme is planned to expand by roughly the same amount.

Asked about suggestions that profits in the year ending this June might reach £25m, he grins and confides himself to predicting only that he will be very disappointed if they are not up to the previous 12 months.

Having secured 20 per cent of several regional housing markets, the group now has its eyes firmly fixed on a similar proportion of the total UK market for new private homes.

Barratt claims to have upped its group's market share every year, overtaking market leaders like Wimpey along the way, and leaving contenders like Tarmac behind.

In the last 18 months, the group has started half a dozen new subsidiaries to help maintain growth; nearly 20 companies have in recent years joined the Barratt fold, often bringing valuable land banks with them.

Claiming never to have been despondent in a slump or over-optimistic in a boom, Barratt discusses short-to-medium-term prospects for the company with a confidence which few house-builders dare display and he seems unconcerned about predictions that profit margins will again become wafer thin.

There will be no trimming back of output in the months

ahead, he says. "It is true that costs are rising by about 10 per cent but just as long as wages are rising by 15-20 per cent there is no real problem as far as demand is concerned."

"In any case, it is not price alone that sells a house but the product involved and the service which purchasers can expect to receive."

"There is a lot of talk at the moment about record home loan rates but in reality mortgage money is not expensive and most people clearly know it is between artificially low interest rates and continuing mortgage shortages or realistic home loan costs and so improved supply of finance. The latter option must be the only sensible one."

Barratt has developed a comprehensive package of customer services designed to help many people over the home ownership bump and to enable existing owner occupiers to move up.

Among the schemes currently available to help sell Barratt homes—priced from £11,000 in the north to £120,000 in London—is a mortgage subsidy scheme to protect buyers from the last huge leap in mortgage rates.

Under the plan, by no means a Barratt exclusive, any purchaser will, for the first year, have the difference in payments under the old 11½ per cent mortgage rate and whatever new rate prevails made up by the builder.

## Move in

Perhaps more important, Barratt undertakes to provide every purchaser with a mortgage, provided normal building society criteria are met.

In addition, the group will often be prepared to buy the existing home of a potential Barratt house buyer in order to speed up the sale process, while every new owner receives a £500 credit to be put towards the subsequent purchase of another Barratt home.

The group also offers a "move in" scheme, under which the house buyer can take possession of a house for a deposit of as little as £250 and then live rent free while the balance of the required deposit is saved up.

Barratt can claim to have helped link into the private housing industry a marketing approach more often associated with consumer goods than with bricks and mortar. It hardly seems surprising, therefore, that the group is now actively researching the U.S. as a potential diversification outside property.

Its latest venture involves a leisure centre in the Scottish ski-resort of Aviemore.

This is probably the furthest departure Barratt is likely to make from its mainstream business.

The group has acquired a 150 acre

site and is developing a chalet,

shops and hotel complex, some

of which will be sold off, while other properties will be retained as investments.

Despite the carefully paced

diversification programme now being pursued, Barratt intends to retain its lead in the private housebuilding league. According to Barratt: "The potential for private housing is enormous. Both major parties are committed to higher owner occupation and private housing output could soon show a big increase over the recent dismal performances. People want to buy their own homes and Barratt intends to be doing the selling."

tial market for the next phase in its expansion.

According to Barratt: "We are looking closely at the options for a U.S. operation and favour a small private company which we can take over. The American market is wide open and we hope for a deal sometime this year."

The plan is to confine original U.S. operations to house building, offering traditional Americana-style homes and making a big effort to help first-time buyers. The group would then move on to commercial and industrial development.

Despite its confidence over properties has in ten years has nevertheless been steadily building up its commercial and industrial property interests at home.

At present, between 75 per cent and 80 per cent of group profits come from house building, with the remainder derived from general contracting and property operations. Ultimately, Barratt wants to see a 50-50 balance between housing and other activities and the capital value of the group's investment properties has in ten years grown from under £400,000 to over £20m and it is expected to top £40m in 18 months' time.

Barratt's move into non-residential property is designed to boost income and capital growth but it is also clearly intended to widen what must privately be regarded as a narrow operating base. The group does not, however, show any signs of diversifying outside property.

Its latest venture involves a leisure centre in the Scottish ski-resort of Aviemore. This is probably the furthest departure Barratt is likely to make from its mainstream business. The group has acquired a 150 acre site and is developing a chalet, shops and hotel complex, some of which will be sold off, while other properties will be retained as investments.

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## Condensed Statement of Condition The Fuji Bank, Ltd.

## Condensed Balance Sheet

	(September 30, 1979)
	(¥ in 1,000) (\$ in 1,000)
Cash and Due from Banks.....	1,380,383,391 ( 6,181,744)
Call Loans .....	390,913,068 ( 1,750,618)
Securities.....	1,927,769,830 ( 8,633,094)
Loans and Bills Discounted.....	7,815,570,580 (35,000,316)
Foreign Exchanges .....	1,735,761,450 ( 5,086,258)
Domestic Exchange Settlement a/c, Dr .....	192,015,385 ( 859,899)
Bank Premises and Real Estate .....	149,917,376 ( 671,372)
Other Assets .....	89,728,288 ( 401,828)
Customer's Liabilities for Acceptances and Guarantees .....	1,209,176,629 ( 5,415,032)
<b>TOTAL.....</b>	<b>14,291,235,997 (64,000,161)</b>
<b>LIABILITIES</b>	
Deposits .....	10,387,203,120 (46,516,807)
Call Money.....	571,043,682 ( 2,557,294)
Borrowed Money.....	1,011,705,711 ( 4,530,702)
Foreign Exchanges .....	133,426,589 ( 597,331)
Domestic Exchange Settlement a/c, Cr .....	168,739,379 ( 755,662)
Accrued Expenses .....	169,40,844 ( 758,536)
Unearned Income .....	51,341,271 ( 229,920)
Other Liabilities .....	42,399,270 ( 190,771)
Reserve for Possible Loan Losses .....	112,894,849 ( 505,575)
Reserve for Retirement Allowances .....	45,647,604 ( 204,423)
Other Reserves .....	25,798,572 ( 115,333)
Acceptances and Guarantees .....	1,209,176,629 ( 5,415,032)
Capital (Paid-up) .....	89,100,000 ( 399,015)
Legal Reserves .....	23,354,917 ( 104,390)
Other Surplus .....	249,881,560 ( 1,118,950)
<b>TOTAL.....</b>	<b>14,291,235,997 (64,000,161)</b>

## Profit and Loss Account

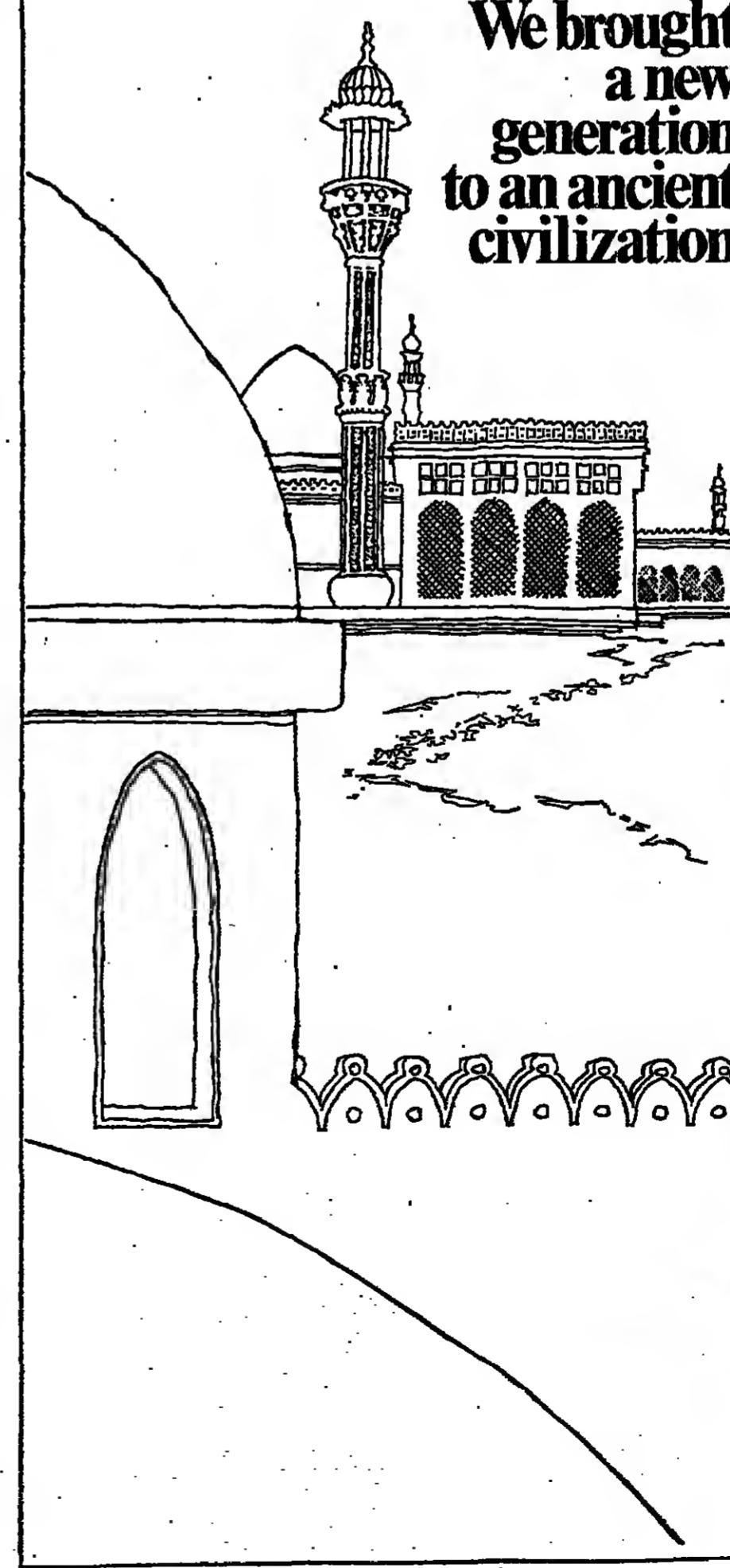
	(April 1, 1979-September 30, 1979)
	(¥ in 1,000) (\$ in 1,000)
INCOME	
Interest on Loans & Discounts .....	250,018,365 ( 1,119,652)
Interest & Dividends on Securities .....	67,220,996 ( 301,034)
Fees & Commissions .....	17,567,158 ( 78,671)
Other Income .....	85,930,347 ( 384,820)
Transfer from Reserves .....	4,520,703 ( 204,423)
<b>GROSS INCOME .....</b>	<b>425,257,569 ( 1,904,422)</b>
EXPENSES	
Interest on Deposits .....	211,652,037 ( 947,837)
Interest on Borrowings & Rediscounts .....	52,313,871 ( 234,276)
General & Administrative Expenses .....	81,427,661 ( 364,656)
Other Expenses .....	59,661,499 ( 267,181)
Transfer to Reserves .....	242,531 ( 10,086)
<b>GROSS EXPENSES .....</b>	<b>405,297,599 ( 1,815,036)</b>
Profit for the Term before Tax .....	19,559,970 ( 89,386)
Provision for Taxes on Income .....	6,773,407 ( 303,342)
Profit for the Term after Tax .....	13,184,563 ( 59,044)
Balances Brought Forward from Previous Term .....	6,776,997 ( 30,349)
Undivided Profit at the End of the Term .....	19,961,560 ( 89,393)

Note: U.S. Dollar equivalents are made at the rate of 1,123.30 per U.S.\$1.

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Monday January 28 1980

## A replacement for Polaris

FEW PEOPLE can have been surprised by the Government's announcement last week that it intends to maintain the UK's role as a strategic nuclear power well into the next century. There has never been much doubt that any UK Government would eventually use such a weapon and that the U.S. nuclear umbrella provides adequate protection for the foreseeable future.

### Not exorbitant

The cost, however, when spread over 10 to 15 years, is not exorbitant. Mr. Pym has pointed out that it is unlikely to absorb more than 5 per cent of the defence budget, much less than the proportion assigned to the V-bomber build-up in the 1950s.

On the strategic front, there are arguments on both sides. Obviously, if the new weapons were ever used then their purpose would have been defeated. The aim of a deterrent is to deter—in Britain's case by inserting just one small element of added uncertainty into the calculations of an adversary. As for the U.S. nuclear umbrella, we are not talking about the foreseeable future, but a time frame stretching well beyond the year 2000, by when the world may have changed unrecognisably.

It would, of course, be suicide for the UK to launch a strategic strike against the Soviet Union. But the whole point of NATO's doctrine of flexible response is to contain a future conflict at a lower level. Strategic submarine-launched weapons are the last link in the chain, and their possession by the UK could make Moscow think twice about a nuclear assault on Britain at an early stage in the conflict. That may not be much comfort to the country's European Allies, but there is wide support both in Washington and other allied capitals for the continuation of Britain's strategic role.

### Unpredictable

If Britain were seeking to become a strategic power for the first time, the calculations could well be different. But the current issue is whether or not at reasonable cost to maintain an existing capacity which gives the UK one more defence option in an unpredictable world and could also help to reduce the chances of a nuclear attack. The goal of further arms control negotiations should not be lost to sight. But unilateral disarmament is neither wise nor realistic.

Of course, there will be those who argue that the money could be better spent—either on other defence items, on health or education, or, indeed, not at all. On the face of it, £5bn looks like a lot of money, particularly when the Government is trying to axe public spending. There

## A high price for Turkey

HISTORY is repeating itself. Turkey's generals may complain at references to their country as the sick man of Europe, but Tsar Nicholas's description seems sadly topical today, as do memories of the problems associated with the Ottoman Debt.

Many Turks will object to the mentioning of such points immediately after their government has announced the country's most radical economic measures in many years. They would be right to object if history did not also involve a lesson—and this time for the West. For a century ago Western economic policies largely contributed to the Ottomans' industrial and financial collapse. Today the West must make sure that it does nothing to protract Turkey's present crisis.

The measures announced last week are sweeping. Those of immediate effect include a 33 per cent devaluation of the Turkish lira, the further tightening of credit policy, and steps drastically to reduce the public sector borrowing requirement.

Such classical austerity measures are backed up by policies aimed at achieving a major shift in Turkey's approach to development. The days of autarchy and industrialisation inside a greenhouse of protectionism are to end. The country is to be largely opened to foreign investment, oil companies and banks.

For foreigners modern Turkey has never been an easy place to invest or work. Memories of the Capitulations imposed on the Ottomans still rankle and mean that it will be a hard task to change attitudes.

The problems of introducing further austerity are yet more striking, particularly when the average purchasing power of workers has fallen by up to one-third. Raising fuel oil prices and doubling those of coal is a harsh step in a country short of fuels and where the weather has been akin to that of Siberia.

Turkish cartoons have depicted the guillotine of the IMF as having claimed the head of Mr. Ecevit, the former Prime Minister, and as being about to claim that of his successor, Mr. Demirel. That the banks and the IMF gave no

alternative to taking last week's measures is not to belittle the political courage that Mr. Demirel and his minority government have shown. He may have been encouraged by the success of a similar package which he introduced in August 1970. But that earlier package was taken in a far more favourable international economic climate than his latest venture.

Turkish Governments have long been slow to respond to the crisis and inefficient at drawing down on the facilities made available to them. On the other hand their efforts have been largely frustrated by the rise in oil prices. Export earnings, though growing, are merely keeping pace with the oil import bill.

Such problems are compounded by political violence taking over 200 lives each month, by sectarian clashes, and by fears over the aspirations of Turkey's 5m Kurds.

Mr. Demirel greeted the New Year by stressing how Turks wanted their country to be one of the world's 15 industrial giants by the year 2000. There is a similar grandiose nature about the import programme he has announced for this year. But quibbles over these points should not demean the political sacrifice he made last week to fit in with Western prescriptions. Having done this he has the right to expect assistance in return—whether on relatively small matters like the British Export Credit Guarantee Department resuming cover, or larger ones like more considerate treatment from the IMF when it comes to negotiating a fresh agreement.

Last year after developments in Iran members of the OECD put up a credit of \$900m. Today, after Afghanistan, West Germany is taking the lead in co-ordinating a new "immediate aid package." Figures mentioned for this range up to those of last year. Even such sums will not get Turkey out of the wood.

The West has expressed concern over the strategic value of Turkey. Living up to this concern may be expensive and may involve responding to a demand by Turkey to join the Common Market. But it could be more costly to let Turkey linger as it is now.

# Exciting prospects for bio-technology

By DAVID FISHLOCK, Science Editor

**A**LUXEMBOURG-based research company called Biogen, founded by an international group of scientists, and backed by International Nickel and Sobering-Plough, recently announced the success of experiments which could lead to the manufacture of interferon. This is a powerful natural protein discovered in 1957, which has shown promise as a treatment for cancer and infections, and as a drug to help transplant patients survive.

Interferon at present can be obtained only from natural sources, making it very difficult and expensive to recover pure. Scientists would like to test the idea that it might even protect us from cancer, but they cannot yet measure it in milligrams of a gram. If the optimists for the new research prove founded, pure man-made interferon could be one of the first products of "genetic engineering" to reach the market. For this honour, however, it will be competing with other drugs, such as man-made insulin and vaccines for hepatitis and influenza, where the big drug companies are leading the chase.

Genetic engineering is the most exciting—and most controversial—facet of an industrial activity called bio-technology. Some of the British Government's scientific advisers believe that bio-technology holds much if not all of the promise of micro-electronics as a new science-based industry for Britain. But whereas the industrial potential of micro-electronics as a manufacturing industry seems certain to unfold in the early 1980s, for biotechnology commercial achievements equal to the microprocessor may not be with us for another two decades.

### Examining fears

Nevertheless, there is evidence that Britain is already losing ground rapidly in a technology of high added value, where Nobel-prize-winning scientists once gave the country a lead. A report taking shape in the Government's Advisory Council for Applied Research and Development (ACARD), through a working party under the chairmanship of Dr. Alfred Spinks, former research director of ICI, seems likely to urge much more action by government agencies if Britain is to regain a place in the forefront of bio-technology.

One leading government scientist suggests that perhaps Britain should already be thinking of a "DNA Valley," analogous to the famous Silicon Valley in California, where many of the seminal ideas of the micro-electronics industry were born. Dr. Duncan Davies, chief scientist and engineer at the Department of Industry, points out that the technical skills invoked by bio-technology cover a wider area than almost any other technology (see table). At present research at the frontiers

### SOME OF THE SKILLS BIO-TECHNOLOGY MUST BRING TOGETHER

ENGINEERING DISCIPLINES	SCIENCES	SOCIAL SCIENCES
Chemical engineering	Genetics	Economics
Mechanical engineering	Botany	Politics
Control engineering	Zoology	Moral philosophy
Electronic engineering	Physiology	
Sterile engineering	Chemistry	
	Biochemistry	
	Physics	
	Maths and statistics	
	Toxicology	
	Pharmacology	
	Colloid sciences	

tiers is widely scattered—at London, Cambridge, Runcorn, Edinburgh and elsewhere. Only by carefully grouping the laboratories and pioneering commercial plants may Britain be able to ensure the degree of collaboration and interaction necessary to win success. Dr. Davies believes.

Another government scientific adviser—and a biologist to boot—gave the Institute of Biology some important pointers this month. Dr. John Ashworth, chief scientist of the "Think-Tank" in Whitehall, lamented the fact that in spite of the contribution of British scientists to the foundations of this technology, no science-based companies had emerged comparable to Biogen in Europe, or to Cetus, Genentech and Genex in the U.S. These are all groups of scientists working at the frontiers of biotechnology who have managed to attract "racing money" from U.S. industry—especially from mining companies—amounting to many millions of dollars. None has a product to market yet.

Dr. Ashworth reminded the biologists that the "Porton pot," developed by the Government's Microbiological Research Establishment at Porton in the 1960s, as a new way of cultivating microbes under tightly controlled conditions, became the brand leader among such chemoists, as the apparatus is called. But it failed to arouse any industrial interest American and Japanese industry led the way in the 1970s with new technology for fermentation. ICI, which has developed its Pruteen process for manufacturing protein by feeding microbes on methanol made from natural gas from a laboratory discovery to a 60,000-tonnes-a-year plant, had to order the big fermenters from France for lack of interest from the British process plant industry.

It is worth reminding ourselves that bio-technology already exists in a familiar form as the agricultural industry, with its techniques for plant and animal breeding developed, as Dr. Ashworth points out, by neolithic technologists. But this industry has probably reached the end of the road for any expectations of dramatic advance, not least because it has become so energy intensive in

terms of fertilisers and chemical agents + control.

The advanced forms of biotechnology are micro-miniatured forms of agricultural breeding which, like their electronic counterparts, are much less demanding in energy and other resources, except for human skills.

There are three main divisions of great interest at present. First there are the new possibilities opening in fermentation technology, now that the technologists have learned to conduct fermentations—which amount to micro-breeding—continuously, where before they were hampered by the time-honoured batch-making methods for instance, of brewers. The Japanese, working from a traditional industrial base for fermentation products such as soy sauce and saki, have exploited brilliantly the new technology to make new drugs and fine chemicals.

Britain, however, has two major examples of new fermentation technology. ICI's single-cell protein for animal feeds has reached the stage of a commercial-scale demonstration and survived rigorous scrutiny by for possible health hazards.

ICI is on the point of producing protein from its new plant Tate and Lyle is engaged at Reading on pilot-plant trials of a continuous method for fermenting alcohol which, by its speed and by yielding much higher alcohol concentrations, could make alcohol competitive with petrol as a transport fuel. Both processes depend critically on new micro-organisms, isolated by company scientists and cosseted to an unprecedented degree under factory conditions.

The second area of biotechnological excitement today is enzymes, or "living catalysts"—agents which, like the more conventional catalysts crucial to modern chemical and petrochemical industries, can drive reactions much faster and further than they would normally go. In the 1960s scientists foresaw that if these "living catalysts" could somehow be built into an engineering structure and made part of a chemical plant, their immense power for driving reactions might be harnessed, without all

the problems of recovering them later from the new product.

In spite of the foresight of the Science Research Council, which launched a significant effort in enzyme chemistry in the mid-1960s, the industrial benefits of immobilised enzymes never blossomed in Britain. One industrial product, a sweetener called glucose isomerase, developed by ICI, fell victim to the European beet sugar lobby, which obliged the EEC to tax it out of the market. Again it was the Japanese fermentation industry which exploited immobilised enzymes, bound chemically to a porous solid (such as porous glass) or trapped in a gel. According to the journal *Nature*, no fewer than five Japanese companies today are in production with techniques involving immobilised enzymes, making such products as antibiotics and food additives—including the sweetener Britain abandoned.

To quote *Nature* "Between 1967 and 1971, when immobilised enzymes were emerging as the first wave of the new biotechnology, 30 per cent of world biotechnological patents originated in one country, the UK. But of the 124 originated in Japan, 39 in the US, nine in the USSR, eight in West Germany, seven in France, one in Denmark and just one in the UK."

The third area of excitement in bio-technology is one which promises to rejuvenate both microbial and enzymatic technologies and to spawn still more dramatic industrial innovations. This is popularly known as genetic engineering—the manipulation of the genetic material of micro-organisms. In this way one may be able to persuade a microbe to do something, or to do something faster; or stop it from acting in a way that might be harmful.

The techniques, first demonstrated in the early 1970s, use enzymes as micro-miniature surgical tools for "transplant surgery" on DNA, to slice up and sew together again the genetic material. These techniques, known to scientists as recombinant DNA research, are beginning to yield new micro-organisms. These microbes, when harnessed to the advanced fermenter technology of the 1970s in which the newly created organisms would breed, are the foundation of present hopes for biotechnology as an emerging high-added-value industry.

The possibilities were at first greatly confused. Leading scientists in California pioneered the research, called for a moratorium while the public dangers were examined. The call was sufficiently authoritative to persuade several governments—including those of Britain and the U.S.—to examine the fears carefully. As it turns out, the fears underlying their call proved not to be valid. But it has produced, for Britain, a scientifically founded regulating system which could prove of inestimable assistance in ensuring the steady transition of genetic engineering from laboratory benches through development and into industrial processes.

To quote *Nature* "Between 1967 and 1971, when immobilised enzymes were emerging as the first wave of the new biotechnology, 30 per cent of world biotechnological patents originated in one country, the UK. But of the 124 originated in Japan, 39 in the US, nine in the USSR, eight in West Germany, seven in France, one in Denmark and just one in the UK."

The Government watching in Britain is called the Genetic Manipulation Advisory Group (GMAG). Its chairman is Sir William Henderson, former secretary of the Agricultural Research Council, where he introduced the application of the new techniques to plant breeding. Its records show that over 500 research workers in Britain are already engaged in genetic engineering, mostly in university, medical or agricultural research centres. But they include two industrial teams: those with ICI's corporate laboratory at Runcorn and with the research centre at High Wycombe of the U.S. drug company, G. D. Searle, which recently disclosed important progress made towards a new source of influenza vaccine.

To give perspective to the scale of operations in Britain at present, GMAG has just released draft guidelines on the safety precautions that it believes are needed by these researchers in scaling up their experiments to 10 litres or so. Sir William says his group has already discussed one such application for its approval but will not disclose which laboratory.

But Sir William believes that

the techniques, first demonstrated in the early 1970s, use enzymes as micro-miniature surgical tools for "transplant surgery" on DNA, to slice up and sew together again the genetic material. These techniques, known to scientists as recombinant DNA research, are beginning to yield new micro-organisms. These microbes, when harnessed to the advanced fermenter technology of the 1970s in which the newly created organisms would breed, are the foundation of present hopes for biotechnology as an emerging high-added-value industry.

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The 600-tonne fermenter—claimed to be the world's biggest—designed by ICI for its 240t protein manufacturing project at Billingham.

Britain from Dr. Spinks's working party. This report is designed to portray the emerging opportunities of bio-technology, as well as the "technology push" end of the development spectrum, and hence in urgent need of public investment to bring it to the point where "market pull" will drag it into the commercial arena at a new industrial rate.

One way of providing "technology push" would be for the Research Councils to mount a joint research and development effort, bringing biologists and engineers together, perhaps under the kind of directorate of the Science Research Council. Its records show that over 500 research workers in Britain are already engaged in genetic engineering, mostly in chemical, marine technology and polymer technology. But such research councils would need "launching aid".

Another way, ACARD—might say, is that the Government must set out to promote and assist bio-technology as a national project, perhaps the responsibility of the National Research Development Corporation. This agency of the Department of Industry was originally set up in response to Britain's failure to capitalise on the discovery and development of penicillin. Its handicap is that it does not seem to have the full confidence of the chemical and pharmaceutical industries, which are the most likely to exploit bio-technology.

A third and far more ambitious course for ACARD might be to propose new ways in which the Government might stimulate British investment in an embryonic industry. The oil, gas, petrochemical and drug industries all have both the profits and the patience to make long-term investments in technology of direct relevance to their future products. The banks say they have "racing money" searching for new ideas to invest in. The right kind of stimulants might even induce the scientists themselves and other private investors to plunge, as they are doing in the U.S.

This spring the Government expects to have the ACARD report on "bio-technology" in

## MEN AND MATTERS

### Taking the stress out of security

Security firms, for one reason and another, have a distinctly dubious reputation in Britain. Even within the industry there is a high level of support for some kind of official control, if not necessarily of the type envisaged by certain MPs.

Until this exists and the industry is able, for instance, to consult police records about the honesty of potential employees, security companies will always live with the nightmare of occasionally hiring a criminal. Backdoor access to police records is widely practised, but is itself of questionable legality.

Ex-paratrooper Peter Heims, 40, one of the country's most successful private investigators, claims to have discovered a foolproof way round this problem. When he set up a security firm in Leatherhead four months ago he adopted the technique of subjecting all 40 of his employees, including the managing director, to a lie detector test. "We had a bit of trouble with the Transport and General Workers' Union," he tells me. "But in my advertisements I do say that everyone must be prepared to take the test. I've found that people prefer to work for us solely because of it. It's almost like giving them a certificate of being 'clean' which doesn't exist at the moment."

The machine cost £3,000 three years ago when Heims bought it as a service to (mainly American) clients. It proved particularly useful in clearing up theft cases dealt with internally by companies; when he set up his security company it struck him that he could use it too. The lie detector is, he feels, "more positive" than either graphology or astrology, both of which he looked into.

The test has proved a deterrent to criminals. They either do not apply, or make an excuse and leave before being connected up to the apparatus. Only one person has actually failed. Found to be suffering stress throughout his interview, he

# FINANCIAL TIMES SURVEY

Monday January 28 1980

# OMAN

## New importance to the West

By James Buxton

**THE SULTANATE OF OMAN** has become something of a front-line state in the past few months. The Soviet invasion of Afghanistan and the fiercely anti-Western attitude of the Government in Iran have forced the Western countries to look hard for reliable friends around the Gulf, upon which they are alarmingly dependent for their oil supplies.

Oman seems well placed to be of assistance to the Western countries. An outlying part of its territory forms the southern side of the crucial Strait of Hormuz, at the entrance to the Gulf; the rest of it, with its 1,700 km Indian Ocean coastline, is safely outside those shallow, constricting waters.

While other states in the Arabian peninsula — notably Saudi Arabia — shy away, at least in public, from the idea of co-operating militarily with the West in times of crisis, Oman has recently made clear that it would allow U.S. forces to use its military facilities in an emergency — though it does not want foreign troops stationed permanently on its soil.

For Oman the attention it is suddenly receiving from the West, including a visit by Lord Carrington, the British Foreign Secretary, earlier this month, is a vindication of several years of warnings about Soviet encroachment in west Asia and the Horn of Africa.

There is much to be said for increased Western co-operation with Oman. To someone in the industrialised world it seems orderly and efficient, with well-trained, British-led security forces and expatriate-run police. It has come through the past turbulent year in the Arabian peninsula, after suffering fewer tremors than any other State, except Qatar, and despite the

overthrow of the Shah of Iran, on whom it depended for military protection and as a counter-weight to the Arab world.

It has the benefit of oil revenue which is roughly sufficient for its needs, but is not so large as to lead to the colossal waste and mis-allocation of resources of some of its neighbours. Omanis are bright, usually keen learners and daringly frank in their opinions.

In the past nine-and-a-half years, Sultan Qaboos bin Said, now 38, has dramatically completed the process of bringing Oman into the 20th century began, perhaps against his will, under his father Sultan Said bin Taimur. The writ of the Al hu Said dynasty, which has ruled the country since 1744, ran for most of this century only in the area around Muscat, the capital, and the Batina plan to the west.

### Social changes

The villages of the mountainous interior were effectively in the control of competing tribes owing a greater or lesser degree of allegiance to an Imam or spiritual leader. It was Sultan Said who, with the help of the British and the beginnings of a modern army, suppressed and destroyed the Imamate in the late 1950s.

But Said was frightened by the social changes that education and economic development might bring, and Omanis were mired in disease and ignorance until 1970, when, three years after government penury ended with the start of oil exports, Sultan Said was overthrown by his son Sultan Qaboos, hitherto kept in seclusion in the southern province of Dhofar.

The fast development of roads, education and health — the trappings of majesty that

The Soviet invasion of Afghanistan has given enormous importance to Oman, which lies at the entrance to the Gulf. The strongly pro-Western Sultanate gives top priority to defence and security, but needs to start diversifying the economy away from oil.

were in part the undoing of the Shah.

The other reason is that the British Government, source of much of the concern, is heavily involved in Oman through the presence of about 140 seconded officers and NCOs running the armed forces; and through the presence of British officers and Government officials who are there on private contract, over whom Britain has no control. So Britain fears being exposed to embarrassment or worse if anything goes wrong in Oman, yet it has little power to influence events on the ground.

The first area of concern is economic. Development fuelled by oil revenue has completely transformed life for Omanis in the past ten years. Recently, more oil has been found in the south which, together with the doubling of the oil price in 1979, means that Oman is assured of a substantial income for several years to come (previously it seemed likely that oil production was set on a constantly declining path from 1976 onwards).

### New projects

While the fast development of the economy up to 1976 benefited people enormously, it also dislocated the old economic structure of the country, the relationship between coast and interior, and, in many places, the delicate water distribution system of the mountains, in whose full social effects have probably yet to be felt.

Since 1976, a combination of financial prudence and government disorganisation have slowed down the rate at which new projects are commenced, causing stagnation or recession and leaving many small gaps in the infrastructure still to be filled. Prosperity has tended to

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be concentrated in the capital area around Muscat, the politically sensitive Dhofar province and the Batina coast, rather than in the interior and the strategic Masandam peninsula. These areas have suffered heavy emigration, either to the capital area or across the border to the much richer United Arab Emirates.

Oman has potential alternatives to oil to develop — agriculture, fishing, copper mining and, perhaps, industry — but relatively little has so far been done to stimulate these successfully or even to get projects going.

All oil states face enormous problems in developing viable alternatives, and there are nagging doubts about future water supplies, as there are elsewhere in the Middle East, but there is a suspicion that Oman does not take these problems seriously enough in view of those officials' reliability and efficiency. All lines of communication lead to the Sultan, who is Prime Minister, Minister of Defence and Foreign Minister as well.

Sultan Qaboos in a conversation with the Financial Times.



The modern palace of Sultan Qaboos stands beneath the 16th century Mirani fort in the capital, Muscat

still accounts for nearly half actual Government spending.

Resentment at disappointment for economic reasons could, despite the new oil wealth in the pipeline, become a political issue. Sultan Qaboos is undoubtedly popular and many Omanis enjoy basking in the sun which, together with the encouragement of his personality has created, or instead direct their resentment against some of his senior ministers and advisers, or against the expatriates.

There is no forum for the expression of popular opinion, whether a formal assembly or a system of informal assemblies, the *majlis*, known elsewhere in the Gulf where almost anyone can come to put his point of view.

Instead the Government relies almost totally on the reporting of the different arms of government — the wali or provincial governors, the police, the army and the intelligence service — to gauge public opinion, and thus plies heavy trust on those officials' reliability and efficiency. All lines of communication lead to the Sultan, who is Prime Minister, Minister of Defence and Foreign Minister as well.

However, those who believe that there is a strong internal threat to the Sultan's rule can rarely point to any group likely at present to succeed in overthrowing it. A greater danger is of creeping subversion by terrorist groups such as the South Yemen-backed Popular

Front for the Liberation of Oman or Palestinians, who could by terrorist activities erode Oman's society's self-confidence and expose the weaknesses that oil wealth has brought. Whether this happens depends rather less on Oman's highly protective security forces than on the stability and security of Oman's neighbours.

For all its orderliness, Oman is a slender force to be a major instrument of Western policy. Its support for President Sadat has partially isolated it from other Arab States. Its population is small and, for the most part, still inexperienced, and much that is impressive about Oman is due to the fact that the Government is prepared to employ expatriates in key positions. Their gradual replacement by Omanis, as more and more become qualified, carries its own dangers, especially in the armed forces.

This means that even with more money the next few years will be difficult for Oman. The Sultanate faces real external dangers and is right to emphasise them, but it would be a pity if they were allowed to overshadow the need for more dynamism in the economy and the creation of a less brittle political structure.

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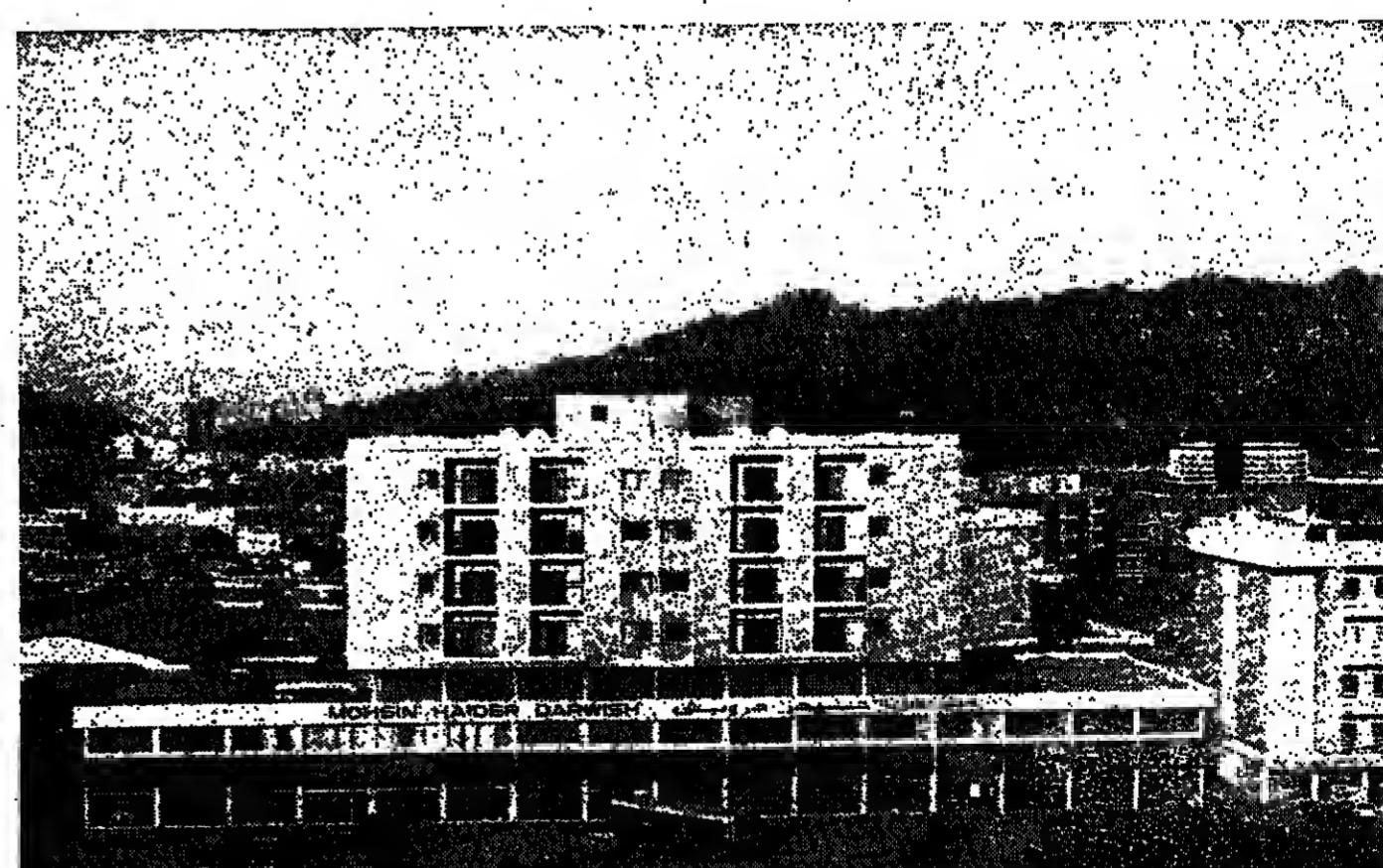
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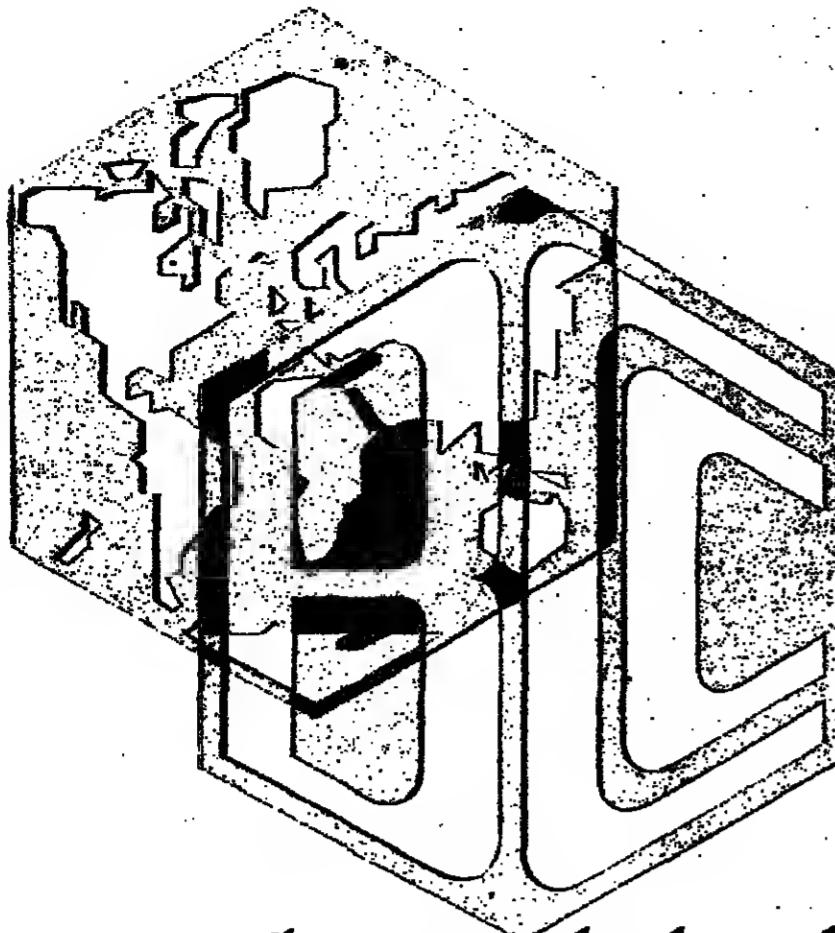


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## OMAN II

# Economy ready to advance

BY THE end of 1979, Oman had doubled its oil price within 12 months. The stage appears to be set for ending a period of economic stagnation and fiscal stringency which has lasted for three years. But for this to happen depends largely on the Government starting up projects which have been held up by bureaucratic delay and, more creditably, financial prudence.

Oman is only a small oil producer—the second smallest in the Arabian peninsula with 297,000 barrels per day output, last year. This has to provide for a population variously estimated at between 600,000 and 850,000, whose contribution to gross domestic product in the form of agriculture, fishing and other economic activities is overshadowed by the oil sector.

Oil alone has not been enough to meet Oman's financial needs, at least until the middle of 1979. In the past few years, grants and soft loans from other Arab countries—not all of which materialised when expected—have played a big part in the Government's budget calculations and helped correct the endemic current account balance of payments deficit.

The spectacular oil price increase of 1973-74 when revenues quadrupled accelerated mightily a surge of development spending which effectively completed the basic opening up and modernising of the country set in train when Sultan Qaboos came to power in 1970. But the 1974 revenue increase led to alarming overspending—in that year the Government spent twice what it had intended—and the Sultanate had to resort to borrowing internationally on commercial terms to meet the official deficit.

The boom, which was accompanied by high inflation rates, had been brought under control by 1976 when the almost inevitable recession began to bite and growth of the money supply slowed drastically. But, by that time, the Government had created the institutions, such as a central bank, and procedure for vetting tenders whose earlier absence had allowed the overspending to take place. It also presented a plan for 1976-80 which faced up to the fact that oil production (which reached a peak in December 1975) was declining, and that Oman must diversify its economy.

The economy of an oil state such as Oman depends on the Government pumping money into it, but Government spending fell from RO 574m in 1976 to RO 524m in 1977 and then rose to RO 560m in 1978—still a decline in real terms. The reason was that actual revenues fell in 1978; oil receipts dropped because of lower output (from 385,000 b/d in 1976 to 314,000 b/d in 1978) and because of the implementation of a new revenue/profit formula with Petroleum Development (Oman), the main oil company, to encourage it to develop the southern oilfields which will boost oil production to 360,000 b/d at least until 1984.

This formula brought the Government smaller revenue per barrel. The flow of grants—mainly from Abu Dhabi and Saudi Arabia—was erratic. Funds which the Government optimistically put in the budget as committed did not materialise and, in 1978, receipts from these sources were only RO 6.7m, against RO 92.7m in 1977.

### Chary attitude

These two factors were the cause of a fairly chary attitude to spending by the Ministry of Finance. But another reason for the steady decline in the level of development spending from 1976 to 1978, affecting all sectors except oil, was a series of delays in commencing projects. In part, this was due to more rigorous vetting of tenders and closer study of projects' viability which should have reduced costs.

The new trend was towards smaller schemes—a rural road here, a better school building there—to fill gaps in the infrastructure. But such projects have tended not to get off the drawing board, as a result of inertia in many ministries, bureaucratic obstruction and lack of firm direction from the top. Productive projects, such as a proposed cement plant in the capital area, a copper smelting scheme at Sohar and other smaller projects also failed to get started as a result of a complicated interaction of vested interests and caution.

Actual capital spending in the non-oil sector in 1978 was only RO 85m—half what it had been in 1976 in money terms and even less in real terms.

Despite the extra impetus given to development spending

Naturally, the private sector also cut its spending, partly reflecting the lack of official spending and partly its reduced income as a result of housing vacancies and falling rents. In 1978, imports went down in volume—but price rises took the import bill higher—while the expatriate labour force probably declined. Construction was in the doldrums as projects were completed and new ones failed to materialise.

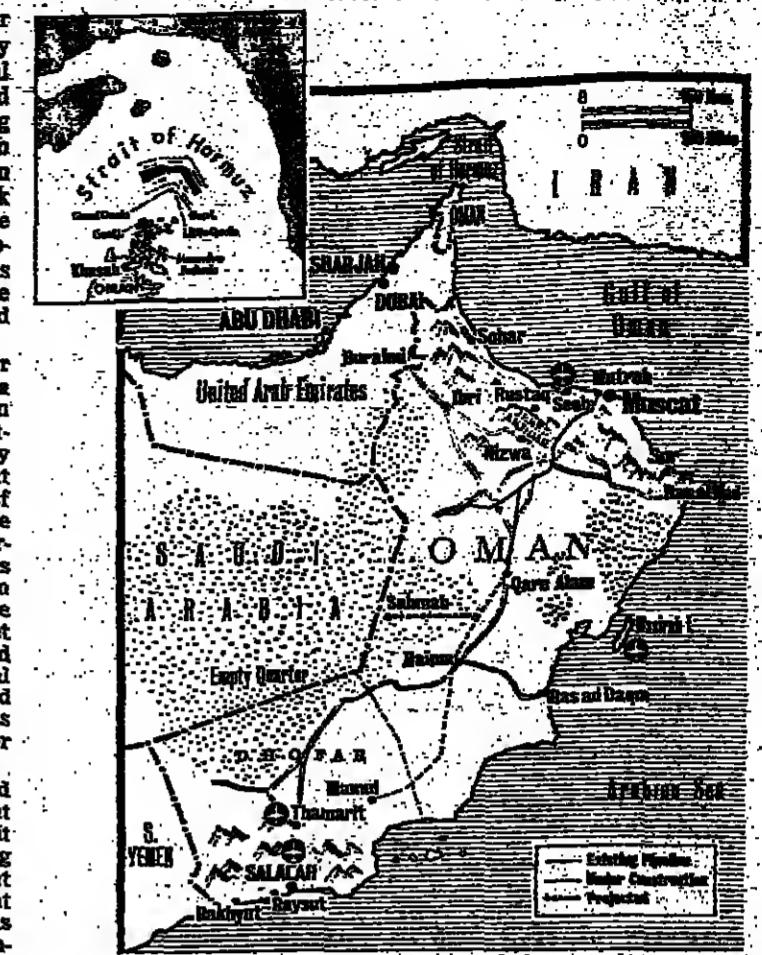
Only the defence sector maintained its reputation as a big and effective spender in 1978. While civil spending outside the oil sector came to only 63 per cent of the amount budgeted—partly because of economies, but mainly because of failure to get projects underway—defence spending met its budgeted target of RO 245m exactly. Thanks to the failure of the civil authorities to meet their budget, defence accounted for some 48 per cent of total spending. Between 1974 and 1978 defence spending has made up between 45 and 50 per cent of the total.

This was the background against which the Government forecast another budget deficit of R.120m for 1979 (omitting committed loans and repayment of loans). But as the year went on, the price of Oman's oil was raised seven times. The Government also cut credit on oil shipments from 80 to 30 days and so obtained payment for 12 months of supplies during the year. Incremental revenue for oil cannot have amounted to much less than RO 200m during the year, as against the original anticipated oil revenue of RO 45m.

By October, the Government was anticipating total revenue of about RO 820m, according to Mr. Mohammed Musa, Under-Secretary at the Ministry of Finance. A \$150m loan arranged in July turned out to be barely necessary.

The Government stepped up its recurrent spending to match the new revenue, giving all its employees a 10 per cent pay rise backdated to January 1, 1979, providing them with allowances to pay for electricity, and it accelerated payments to those qualified for social security benefits.

Despite the extra impetus given to development spending



the government anticipated a show, a near doubling of the oil surplus for the year, even though output is likely to decline in the first nine months of the year before picking up again later as the new Dhofar oilfields come on stream.

But, during 1979, a larger number of projects began getting underway, including developments in the long-neglected Masandam peninsula, while roads in Dhofar began going out to tender. The contract for the important Nizwa-Thamarit north-south road went to Consolidated Construction International.

There appeared to be some movement on the copper scheme, while the Government dusted down plans for an oil refinery and decided, in principle, to go ahead with it, while studies of a direct reduction-steel plant were announced. Although the 1980 budget has not been published (the 1979 budget did not appear until late March), it should

James Buxton

## Oil discoveries reverse decline in production

THE PROSPECTS for Oman's oil industry, on which the country almost totally depends, have been looking much more healthy lately. A series of small but useful discoveries will soon reverse the decline in the country's oil production, while the doubling of the official oil price over the past year will, among other things, make viable fields which would otherwise have been only marginal.

In 1977 Oman's oil prospects looked sombre. Oil production by the Shell-managed Petroleum Development (Oman) was dropping, only 10 years after it began, having reached a peak of 386,000 b/d in December, 1975. By 1981, unless an intensive secondary recovery programme were successful, it would be down to about 220,000 b/d.

Plans were being made to exploit two new fields in Dhofar at Marmul and Amal, but the oil there was heavy, viscous and sulphurous, and the government had had to agree a special revenue formula with PD(O), of which it owned 60 per cent, to make it worth while to develop them.

Then, in 1978, PD(O) had a great run of successes with its exploration in Dhofar, discovering a string of small and medium sized fields containing better quality oil: out of 15 holes drilled that year only one was dry and two others were disappointing. The Qahira discovery was of 30 degree API crude and one at Birba 33 degrees. The success rate has been so high that the oil company is now sure of making more discoveries.

### Big expansion

Now, PD(O) is engaged in an enormous operation both to find more oil and to bring the southern oilfields onstream. The number of drilling strings operating has gone up from four to seven and the company is now spending about \$1.5m a day, including recurrent spending. Capital expenditure is expected to go up from \$31.1m in 1979 to \$41.2m in 1980.

The whole operation has meant a big expansion of PD(O)'s operations which the company has been able to meet without too much strain. The distances involved are enormous, while trucks carrying heavy material take up to a week to reach the new oilfields from Muscat. At Marmul a permanent new township has been built in the desert with a high standard of accommodation and catering. The township was built by Wimpey and designed by Turner Wright and partners from the UK. As more drilling

has taken place, it has emerged that the township is built over the oilfield.

Some \$30m is going on a 45 km pipeline to link the string of new fields into the existing pipeline system at Qarn Alam and then to the coast. At one point it was intended to pipe the oil down to the Arabian Sea either near Salalah or further east, but the security risks involved as well as technical problems persuaded Sultan Qaboos to pipe all the oil to PD(O)'s terminal at Mina al Fahal near Muscat. Cable and wireless are building a solar powered telecommunications system for the pipeline.

Some of the new fields are expected to be on stream by the end of this year, bringing Oman's output back to about 350,000 b/d. Last year it averaged about 297,000 b/d, compared to 314,300 b/d in 1978. PD(O) expects to hold production at or slightly above 350,000 b/d at least until 1984.

But PD(O) is taking a characteristically cautious view of the prospects for output from the southern fields, pointing out that the geological structure is complex, that each field is different and that in some fields no gas has been found—which could mean artificial pumping will be needed to obtain the oil. PD(O) is assuming that only 5 per cent of the 2.2m barrels oil found in the Marmul field will be recoverable, which implies that output will drop steadily quite rapidly.

A reasonable man might conclude that Oman is likely to be producing rather more oil in the mid-1980s than is forecast and to maintain output for longer, though the size of the fields and the geological structure of the country virtually ensure that Oman will never be a producer on the scale of Saudi Arabia.

Part of the oil company's large spending is going on the secondary recovery programme to sustain output from the northern oilfields. Some \$100m is being spent on the Lekhwan field alone.

In some of the fields output will remain static and in others the decline will be slowed down, so that PD(O) now expects to be producing some 227,000 b/d from the northern oilfields in 1984—against earlier gloomy forecasts that output would be below 200,000 b/d by then. By then, the southern fields will be producing about 140,000 b/d.

In due course, PD(O) should cease to be the only producing oil company in Oman when a small find by Elf-Aquitaine Samitomo and Winterhalter at Samihah in the south west is

hooked into the existing pipeline system. Initially, it is expected to yield about 12,000 b/d of 42 degree API light crude.

Just as the increase in the oil price this year has made PD(O) drill structures where it would previously not have bothered, so other oil companies have maintained—or even stepped up their interest.

Gulf has taken over as operator on the find of gas which was made by Quintana in Shinas, near Buraimi, in 1978. Though a confrimatory well proved dry, thus limiting the size of the discovery, Oman still hopes it may sell 125,000 cubic feet per day to Dubai for use in its aluminium smelter. This would involve running a pipeline across the UAE border. But Dubai is now planning some hopes on discovering gas in the deep Khuff zone offshore and so becoming self-sufficient. For the moment, the Shinas wells are sealed, awaiting development.

Breached ceiling  
A consortium of Elf, Gulf and Cluff Oil, with Elf the operator, has so far discovered only gas condensate in an offshore concession off the Masandam peninsula. BP is the operator in the rest of Dhofar on behalf of a consortium including Demex, Agip and Hispanoil. Last year saw Mr. Ahmad Shahfar, the Minister of Petroleum, take an increasingly aggressive role in pricing Oman's oil, culminating in the Sultanate going above the then OPEC ceiling of \$24 per barrel at the end of October. Though not a member of OPEC, and

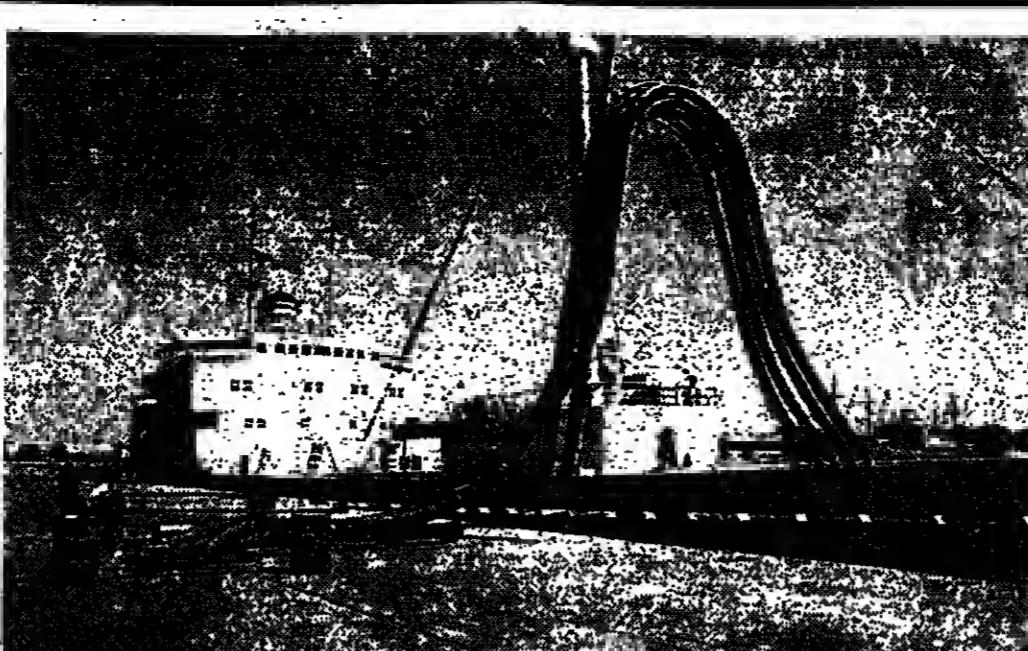
a new pipeline bringing associated gas from PD(O)'s fields to the capital area came into operation in May 1978 and gas now powers the power station and desalination plant at Ghubra. A spur line is to be built up the coast to Sohar where the copper project is to be built.

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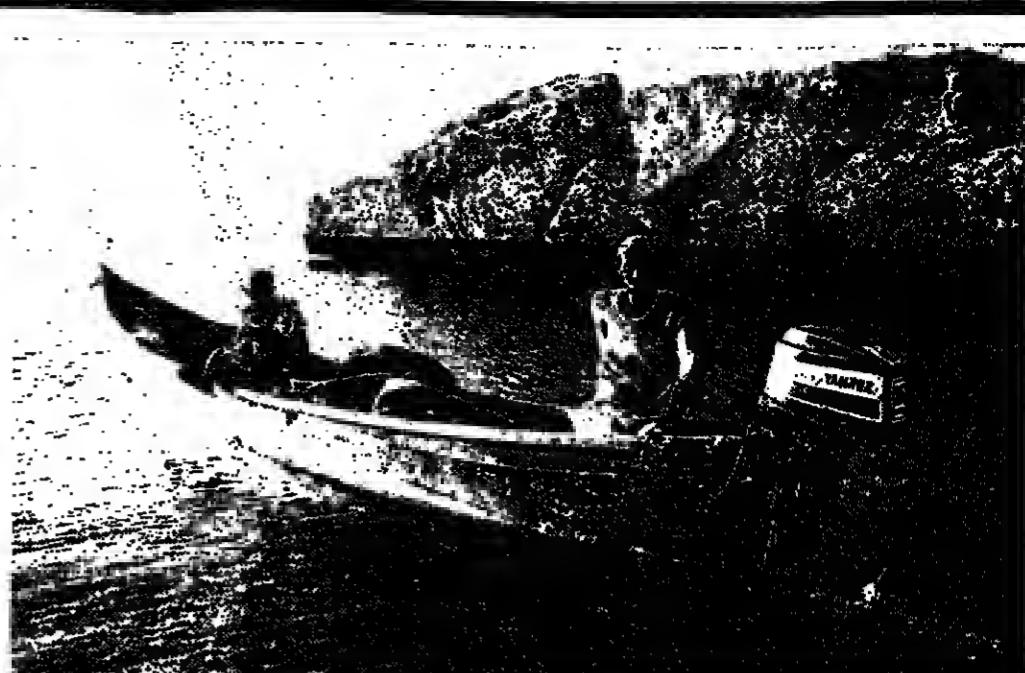
## OMAN III



In the past nine years, the 39-year-old Sultan of Oman, Sultan Qaboos bin Said, has achieved dramatic changes to bring his country into the 20th century



Oman's oil production is smaller than that of other Gulf states and plans are proposed for developing industry and non-oil assets. Above: a ship refuelling at Port Qaboos, Muscat



With a modern outboard motor fitted to his traditionally-designed boat, an Omani fisherman sets out for an evening catch. Fish resources are abundant along Oman's 1,700 km coastline

## Moves to develop non-oil assets

**OMAN HAS** had a reprieve from the once impending decline in its oil production which made its medium-term economic prospects as gloomy in the mid-1970s. The new oilfields in Dhofar, while on a tiny scale by comparison with most of those in other Gulf states, will boost production at least for a time. Recent price rises have made Oman's oil reserves far more valuable, and, according to Mr. Qais Zawawi, Minister of State for Foreign Affairs, given the government the idea of reducing daily output to make them last longer.

Yet, while Oman will certainly be producing oil at the end of the century, the geological structure of the country suggests that it will never find reserves on the scale of Saudi Arabia or Abu Dhabi. Oman faced up to the prospect of a decline in oil revenue when it drew up the 1978-80 development plan which envisaged building up production by the non-oil sector of the economy.

The plan proposed developing such non-oil assets as Oman has: agriculture, on which the economy of the interior and the Batina coast was formerly based; fishing, in waters known to be rich in marine life; industry, to meet local demand; and mining, starting with the development of copper reserves

in the north west. Oman appears to be better endowed for diversification than the small sandy states of the Gulf.

Diversification in an oil state is dauntingly difficult. Such states do not have economic assets which could produce revenue on the scale of what they have earned from oil; the coming of oil wealth has usually altered beyond recovery the social and economic structure of the country, so that there is no going back to the former way of life based on old sources of income: urban populations swell; manual work is considered undignified; and welfare systems make people pensioners of the State, destroy their self-reliance and break down existing co-operative systems of self-help.

### Labour force

The development of new economic fields, such as industry, is usually thwarted by the fact that the indigenous labour force is too inexperienced, too small or too idle to staff the new enterprises, while the domestic market is too small to sustain them, and export markets cannot be served economically because of high production costs.

All these problems can be found to a greater or lesser

degree in Oman; but one of the main reasons why, by 1980, the last year of the five-year plan, relatively few projects in it have yet got underway is the lack of impetus provided by the government itself, reflected in the spending figures on development. There are two other important hindrances to development in Oman: the shortage of manpower and uncertainty about reserves of water.

Other articles in this survey look at how much has been achieved and what remains to be done in different sectors of the economy. The problems of re-instating agriculture as a major income-earner and import-saver are due in large part to the migration of manpower to the cities and to the United Arab Emirates; fishing has not yet lived up to its potential, even though, as in agriculture, Omanis are quick to adopt new techniques if they think them worthwhile; emigration plays an important part here too.

Industry and mining have so far had chequered histories. Though a few projects, such as the flour mill, were begun about the middle of the decade, a great weakness of that period was the Government's failure to push ahead with projects for making raw materials for the construction industry, including cement, which would have met

### BASIC STATISTICS

Area (sq. miles)	82,000
Population	840,000
GNP	RO 727.9m
Per capita	RO 898.54
Trade (1978)	
Imports	RO 327.2m
Exports	RO 523.3m
Imports from UK	£125.7m
Exports to UK	£41.9m
Currency:	1 Omani rial = RO 0.783

some of the needs of the construction boom both in Oman and its neighbours, such as the UAE.

As it is, Oman's cement plant, which could have been producing by 1976, is not due to start production until 1982 and though half the output will be taken by Kuwait it is not clear whether local consumption will account for the remainder since Oman—and the rest of the Lower Gulf—has already passed through a construction boom of a kind that only occurs once in a generation. The same applies to the smaller industrial projects in the construction materials field and makes questionable the concept of a steel

re-rolling mill now being studied. Nor is it certain that Omanis would wish to work in these plants, in which case they would be providing employment to foreigners.

The same considerations probably apply to the copper project which officials in Oman do not expect to be lucrative and which is being embarked on because it is unquestionably diversified, because it will develop north-western Oman and because cheap finance is available.

The oil refinery, now to be built, makes sense for security reasons.

Several themes emerge from these experiences. The first is the manpower shortage, caused by the great wealth that has been created in the capital area of Oman and the even greater wealth of the UAE, across the border. Its effects are detailed in individual articles.

Secondly, while some ministries have reasonably dynamic direction and have scored some solid achievements, especially in the building up of social services, others are less effectively led and their ministers and civil servants lack the drive to push through projects against bureaucratic obstruction in an atmosphere that requires baying the ear of the Sultan at the right moment.

The Sultan, as Prime Minister, may not always be firm enough in breaking the logjams that detain projects and reconciling competing ministries. Frequent ministerial reshuffles often result in officials moving with their ministers and in the process reports and feasibility studies often get lost.

### Relationships

A third theme is the uneasy relationship which often exists between Omanis and their expatriate advisers, European, Arab or from the Indian sub-continent. Omanis accept that they need expatriate assistance in running the economy, but they can easily be offended by what they see as the busy-body attitude of many expatriates who imply that they know best what the country needs.

This problem stems from fundamentally different attitudes from development between Omanis and their advisers. The story of development in Oman has often been bedevilled by poor relations between different groups of expatriates.

The most important resource Oman has is water. Though it appears to be more abundant in Oman than it is in most other Arabian states, it is still in relatively short supply since rainfall is low and irregular and such reserves of fossil water

as have been found—mainly in the course of drilling for oil—are usually saline and hot and far from where water is needed. Yet, without a full hydrological survey of the country having been completed—though several have been started—water consumption has risen enormously in the past ten years.

The *faloj* system of conveying ground water at the foot of mountains to village irrigation systems has, in places, decayed or been undermined by drilling wells; while the wells drilled for agriculture, gardens and swimming pools on the Batina coast have encouraged the encroachment of salinity from the sea.

Several different government organisations are effectively competing for water supplies without co-operating: one consultant identified ten different agencies within eight ministries with responsibility for water development, conservation and use.

In Dhofar, competitive drilling for water to meet the needs of farming and the population of Salalah have been self-defeating for both parties. Over-irrigation, especially on experimental farms, is considered to be a common fault, while the Ministry of Defence is a big and indiscriminate user of water.

A scheme has been drawn up

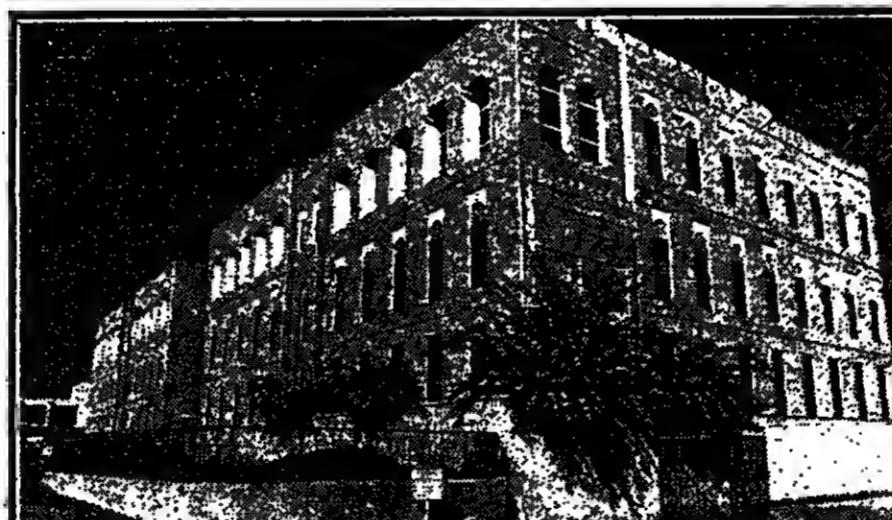
J.B.

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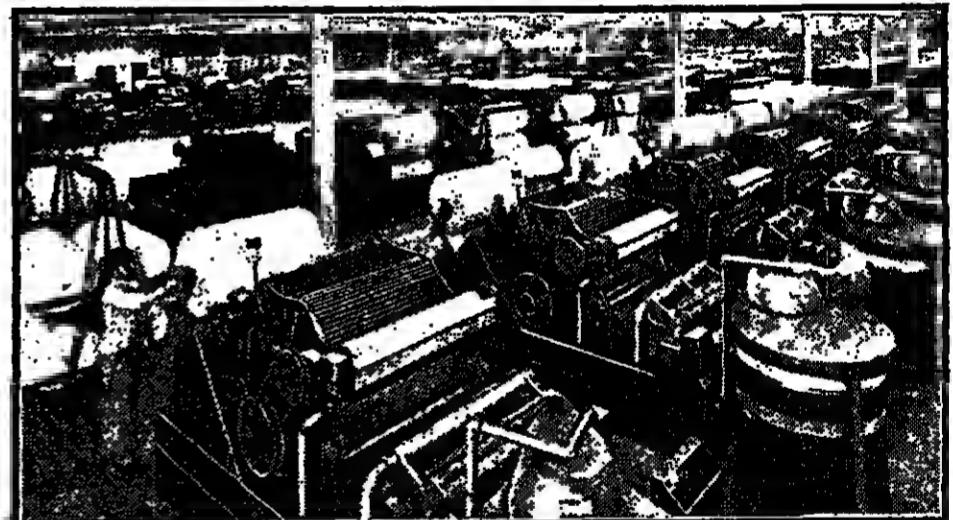
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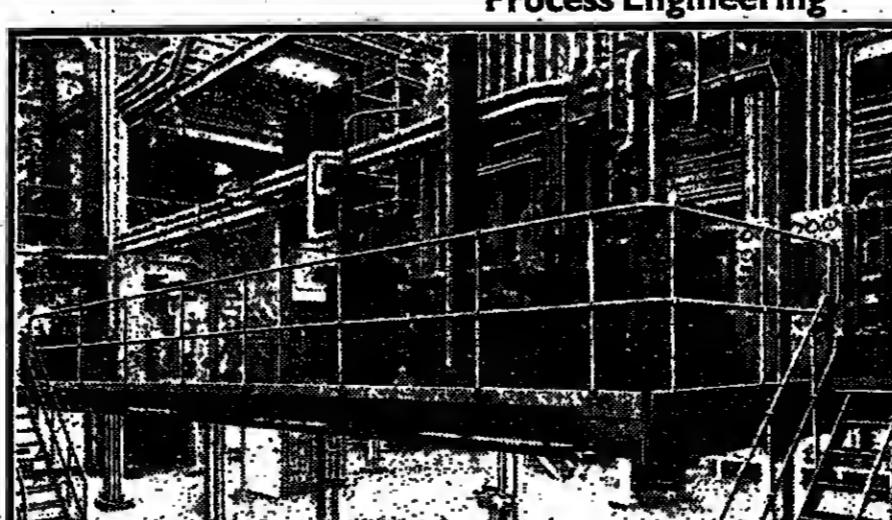


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## OMAN IV

# Industrial plans offer scope for the West

OMAN'S INDUSTRIAL ambitions remain modest despite the Sultanate's new oil discoveries. The revenues generated by the new oil finds in Dhofar are unlikely to produce a commitment to industry on the scale of Saudi Arabia or Abu Dhabi.

Yet Oman is planning to embark on a selected range of industrial projects in the 1980s which offer business potential to Western contractors and suppliers. The most interesting are the copper extraction and smelting plant at Sohar in the north-west, the first in Arabia, and the 50,000-barrels-a-day refinery to be built near the Mina al Fahal oil export terminal to serve domestic needs for petrol.

These, together with the continuing oil field development programme being undertaken by Petroleum Development Oman (PDO), offer the best opportunities to exporters.

The Oman Mining Company was set up in January, 1978, and has interests held by the Government (75 per cent), Marshall Oman Exploration of Houston (22.5 per cent), and Prospection Oman (2.5 per cent), although the two foreign interests are not actively involved in the project other than as equity participants. Opening up of the mines themselves started in June, 1979.

### Presence

The main reserves are at Baidha, Arja and Laisail where drilling has indicated the presence of about 12m tonnes of ore. Saudi Arabia has underwritten about \$100m of the cost of the project, which was originally put at about \$124m, as part of a programme of bilateral assistance to the Sultanate. But no contractor has yet been appointed to build the smelter, which will be powered by gas from a spur of the gas pipeline from the main oilfields, and it will be some years before the scheme is in operation.

The company aims to refine to 98 per cent concentrate and is prepared to make an initial loss. The Government accepts that Oman will never become an "Arabian Zambia" as a copper

exporter but it sees the scheme as providing diversification away from oil financed by cheap capital. It will also open up the north-west of Oman with an industry, roads and a port for the people of the area.

The contract for evaluating the geological and mining aspects went to the UK's Golder Mannit and Associates, the successor to RTZ Consultants, a subsidiary of Rio Tinto Zinc. Other design contracts went to Consult of Canada for bauxite, Kilborn Engineering of Canada for the concentrating and smelting facilities and Monenco Overseas of the UK for power, transmission and desalination plant. Monenco is currently tendering for power supplies.

If the decision to go ahead with copper has its roots in the idea of developing the north west, the rationale behind the refinery was more prosaic. The Sultanate is acutely aware of its dependence on refined products, imported mainly from Singapore. A design contract for a domestic refinery was awarded to Shell International Petroleum of the Netherlands in October 1979.

A gas pipeline from the northern oilfields to the capital area built with aid from Arab funds has been open since mid-1978 and is supplying fuel for the power and desalination station at Ghubrah on the outskirts of the capital. It has released the equivalent of 1,000-2,000 barrels a day of crude oil for export which was previously used as fuel.

The Sultanate is unlikely, however, to embark on gas production for export since whatever reserves exist will be needed for oilfield support and for domestic industry. The only remote possibility is of a significant gas find in the Buraimi area near the UAE frontier where reserves of gas have been found. The cost of developing them may inhibit exploitation until the late 1980s.

The Sultanate is looking at the feasibility of an iron and steel complex based on direct

reduction using an electric arc furnace. Studies are being done by Dastur Engineering International of West Germany in association with M. N. Dastur of Calcutta. It is for an initial re-rolling mill to produce about 120,000 tonnes a year of steel bars, rods, angles and sections.

The difficulties being experienced in Qatar, where in 1981 the Qatar Steel Company (Qasco) is expected to make profits of only \$23m from a gross income of \$250m, may deter the Sultanate from embarking on an iron and steel industry. There would in any case be difficulties with manpower in a country where the local labour force is small and usually finds it more profitable to work in the private sector rather than for public sector agencies.

### Tenders

Among the more conventional industrial projects is the Oman Cement Company's proposed cement works at Rusayl, near Seeb, for which the Belgian consultant Basse Sambre hopes to call tenders for machinery supply and structural and basic civil works in 1980. This project, the successor to several others with a tangled history, will be the first cement plant in the Sultanate and is expected to start production in 1982, cutting the dependence on imported cement. The Kuwait Cement Company, which holds 40 per cent of the equity, will manage the plant and take half the output of 1m tons a year.

The Sultanate's small-scale industry includes an asbestos cement factory, flour mill, dairy product, soft drinks factory, dates factory, poultry production, printing presses, construction materials and metal fabrication. Industrial concerns are thought to represent about 16 per cent of all registered companies, which is small by any standards and suggests that the economy is still very much trade-oriented outside the oil sector.

The Government's involvement in support for industry

includes the establishment of the Oman Development Bank which began operating in March, 1979, to offer medium- and long-term finance to industrialists. The Government has also shown itself prepared to introduce protection for infant industries such as the asbestos cement pipes factory at the Musall industrial zone, for which import tariffs have been imposed on imported pipes.

Where the Sultanate looks beyond neighbouring countries is in light industry. The capital area where most of the population is concentrated is bound nothing like the underground of industrial concerns to be found in Sharjah in the UAE. Indeed many Sharjah-based engineering services companies are picking up maintenance contracts for heavy plant in Oman because no local servicing industry exists.

The lack of a servicing industry for heavy machinery is one of the major obstacles towards the development of agro-industries in the Sultanate, which has more cultivatable land than its Gulf neighbours.

The attitude of Omani businesses, many of whom prefer to be renters rather than manufacturers, is another deterrent to investment in industry. Foreign investment has been attracted to only 2.4 per cent of the industrial concerns being undertaken in the Sultanate, according to a survey by the Central Bank of Oman.

It is hard to see how an iron and steel industry for which the neighbouring state of Dubai has been unable to attract foreign partners would succeed in the Sultanate where the political risk is higher because of Oman's heavy defence commitments.

The lack of interest on the part of foreign investors, coupled with the net outflow of private funds, dictate that the industrial future rests with the small number of industries which the Government feels able to support from oil revenue.

**John Whelan**  
Deputy Editor  
Middle East Economic Digest

The children  
chat to you  
in English



THE SUCCESS of the Sultan of Oman's policy of bringing education to the people could well be measured in the English spoken by children in many remote villages.

They gather quickly, quietly and smilingly around the visitor—the boys in their long white robes, the girls in their brilliantly coloured Omani dresses, silver jewellery dangling from their ears and bair, often carrying a baby brother or sister.

"How are you?" says one child. "My mother asks you to come to our house for tea... will you stay long?"

More startling are the conversations about Christmas and the birth of Jesus, followed by the merits of Pepsi-Cola. But they talk, they make themselves understood and want to be understood.

Ten years ago there were only three schools with 900 pupils which had exposed a few thousand privileged children to formal education over the years. Today, one new school is opened, on average, every ten days. Over 86,000 students regularly attend classes in 1,355 schools.

To define its principles and aims, the Ministry of Education published a "Philosophy of Education". It is a haunting mixture of idealism and Victoria, which might be viewed with nostalgia by some Western educators. "Faith, knowledge and work are the main pillars of social progress," it states. "Omanisation of Education." It has involved new methods, new attitudes and new books.

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Linguistic skills have been made a priority. They are, says the Ministry, fundamental for communication. Thus, Omani education is founded on teaching the basic means of communicating, i.e., language, with its constituents of reading, writing, comprehension and expression.

English is studied in many schools from the age of 10. Added to this, the Omani child has to learn his own Arabic almost as a foreign language, because written classical Arabic is vastly different from everyday colloquial Arabic.

The application of the philosophy in other areas of education is interesting to watch. Islam is the core, the teacher and student are required to relate spiritual to physical facts. For example, the Prophet Mohammed said that "you think mountains are standing still, but they are moving...". The Omani explanation is that they are

moving because they are composed of constantly moving particles of energy.

Does the new system work? The teachers must allow for many more questions and answers. They have had to undertake a considerable amount of re-education, reasoning and re-examination of themselves.

"It is much more difficult for us," said an Egyptian teacher in Muscat. "And more difficult for the students, too."

One young girl in Zahrat Girls' School, Muscat, said that her sister, who was two years younger, had new books comparable to her own old ones.

The new books use Omani names and local expressions. Previously, the children used books published in Qatar with colloquial Qatari expressions unknown to the Omani child.

As for the education of women she said simply, "Thank God, the Government wants us to learn." There are now 79 schools for girls in Oman and, in addition, 134 schools are co-educational.

Students who go on to higher education and acquire special skills should become a bank of talent on which the State can draw in the future. Today, 700 students study overseas—a highly creditable figure when it is realised that many who are in universities and technical colleges abroad began their education at the age of nine or ten, it is not considered worthwhile having a university in Oman.

### Scholarships

More scholarships are being made available for higher education. These scholarships are carefully planned as an economic investment. If a ministry says that it will need engineers later in the 1980s, then special awards are made for students who want to take engineering degrees. They are guaranteed a job in Oman on completion of their studies.

Have the undergraduates been the human and economic investment which Oman needs?

A large percentage of those who returned last summer for holidays joined a camp in Sibar. For three weeks they voluntarily built roads to isolated villages, cleared irrigation canals and made themselves generally useful.

An example of enterprising students who have remained at home and have not yet been able to expand their knowledge abroad comes from Al Mahefa in the Buraimi Oasis. There they joined the local community council to lay water pipes to every house in the village, laid streets, provided every household with a lantern to hang outside his house at night, installed lanterns along the main roads, built a new mosque and dirt. The village is now recognised as a municipality which will bring it considerable benefits.

**Patricia Holton**

## OMAN V

# Complex problems in agricultural sector

**AGRICULTURE IN OMAN** today is a strange amalgam of change and changelessness, of opportunities and of constraints. Here we can only identify the most critical facets of a highly complex and dynamic situation. At the national economic level, agriculture has declined in relative sectoral importance: in 1967 agriculture and fisheries together contributed about 34 per cent of the GDP; while today agriculture represents a mere 2 per cent. Before the oil era, dried limes, dates and small quantities of hides and fruit were the only significant exports; today agricultural products constitute less than 2 per cent of all exports and of these the traditional commodities of dried limes and dates make up about 80 per cent and 10 per cent respectively of the total non-oil export group.

Moreover, imports of agricultural commodities, almost entirely foodstuffs, have soared to a point at which Oman's dependence on food imports is frightening. It is estimated that the import share of the staple articles of consumption is 100 per cent in the case of rice, 90 per cent of wheat and 40 per cent of vegetables and meat; this in a country which, albeit at a low level of consumption, was all but self-supporting in food a generation ago.

**More imports**

These vast reversals are of course the consequences, direct and indirect, of the growth of an economy and society dominated by oil production and oil wealth. In absolute terms it would appear, from the last survey estimates available, that aggregate agricultural production during the last ten years has not declined and in some instances has increased. In relative terms, however, the irrelevant part of the fivefold increase in private consumption expenditure during the 1970s was met in the main by imports and not by any significant response in domestic production.

The quiet scale of the problem thus created was recognised in the early days of the first Five-Year Plan, for instance in 1970, in which almost 25% of the budget allocated to government investment went in agriculture. In other words, rural areas are benefiting from a planned attempt to stem down migration to the coastal flat region by diffusing agricultural development expenditure (housing, social welfare provisions etc.) as widely as possible.

However, Oman, along with many developing countries, is finding that neither the transformation of agriculture nor the neutralisation of the extraction of off-farm life is easy.

In the first place, Oman, while certainly possessing significant potential for agriculture, is faced with considerable technical and environmental problems in the efficient exploitation

of these finite resources. The Sultanate can be divided into four land resource provinces. The Batinah is the first and in many ways the most significant agricultural zone, a coastal strip extending from Seeb to the northern frontier and averaging little more than 1 km in width.

To the interior of the Hajar mountains, highland precipitation episodically flows in more channelled wadis out into the gravel and desert plains. Here, these concentrated flows are tapped by underground galleries — *qanat* (sing. *qat*) and conveyed to oases, where the coincidence of suitable soils and water supports a discontinuous series of agriculturally-based settlements extending along the interior mountain flanks, from Buraimi in the north through Ibra, and Nizwa south to Ibra, finally petering out between the Wahiba sand desert and Ras al Hadd.

The Hajar highlands themselves, deeply dissected and divided, can support, at low capacity, goat-herding pastoralists and a few, small, isolated mountain-terrace villages. Almost 600 km to the south-west lie the small embayments of Salalah and the surrounding Dhofar mountains. Here, weak summer monsoons bring seasonal flushes of tall grass to the Jabal, enabling limited cattle-herding, and some groundwater flow to the coastal plain and sea-edge cultivation.

The resource emphasis throughout has to be on water availability and it is the absence of adequate water which restricts expansion of the cultivable area to an estimated total of about 40,000 hectares and, moreover, makes it almost impossible to bring newly into farming anything other than relatively small and non-contiguous patches of land.

The series of hydrological surveys carried out in the mid-1970s and studies by the Department of Water Resources have shown that, nationally, about two-thirds of Oman's resources are currently utilised—a high proportion in world terms. What is particularly significant is that further exploitation will not only be extremely difficult and very costly but also that in some key areas over-exploitation is already taking place.

In south-east Batinah the major aquifers in the Seeb area were in great danger of depletion before the Ghubra desalination plant relieved some of the pressure created by the greatly-accelerating growth of demand for water by the capital region.

Water quality has declined and the seawater/freshwater interface has been pushed back inland on the Batinah by the increased volume of water extracted by medium-lift irrigation pumps, a factor increase of about 20% as many years.

In the interior, well-known irrigation failure and settlement abandonment is more usually due to neglect rather

than to drought, but even here the uncontrolled introduction of pumps to deep wells in *fajir* areas can injure critical balances between supply and demand. A recent survey suggests that around Salalah available groundwater resources cannot support the planned expansion in urban and agricultural demand.

In these conditions, all agriculture other than that of low-density herding of animals is totally dependent on irrigation. This in turn requires skillful land and water management associated either with capital-intensive, high technology or with labour-intensive traditional methods—and the choice is neither open nor simple.

Soil quality, while never high, even in the farmed areas, as the result of low organic and nitrogen content, very high free-carbonate content and relatively high content of soluble salts, is less of a prohibitively limiting factor.

The answer must lie in increasing the efficiency of the agricultural use of the—quantitatively and spatially limited—vital resources of water and soil.

Present land use still contains many elements surviving of the not-long-defunct tradition of subsistence farming. Date palms still occupy more than a third of the cultivated area although now of low commercial profitability. Replaced as a staple food by imported rice and wheat, demanding a high water duty and periodically much manual care, and with low average yields, they cannot compete in the specialised high-price, high quality markets with the products of Egypt and Iraq.

**Valuable crop**

The most valuable commercial crop is of sweet limes, which take up about 10 per cent of farmland. Dried over a period up to two years and demanded for their strong flavour, they find limited and less than stable markets in Iraq, Iran and the Arabian Gulf countries. Even less than with date palms, limes are not grown in specialised orchards or gardens but are produced in small quantities by many.

Alfalfa is the common fodder crop grown by almost every farmer, to supplement the food intake by browsing of his few head of goats and sheep and for sales to landless villagers—and now increasingly from the Batinah for sale in Abu Dhabi.

In general, rural livestock farming presents a similar picture of non-commercial non-specialisation. Of the estimated 200,000 head of goats and 70,000 sheep about half of the former and two-thirds of the latter are owned in twos and threes by villagers, the remainder being the stock in trade of the highland and desert pastoralists.

Fresh meat is desired but expensive—a 30 kg goat will fetch 40 RO-70 RO.

**Howard Bowen-Jones**  
Howard Bowen-Jones is Professor of Geography at the University of Durham.

Nevertheless, both spontaneously at local level and as the result of Government action, there is ample evidence of actual and potential response by farmers to market opportunities and advice. The difficulty lies in the ambivalent effect on the agricultural sector of new-found oil wealth in Oman and in the neighbouring states.

Governmental activity in agriculture can be considered under two broad heads. The first is concerned with technical and advisory improvement in existing farming. The Ministry of Agriculture and Fisheries has a major research facility at Rumeis (Batinah) linked to sub-centres in the interior.

A total of 43 government farms and extension centres are responsible for disseminating information, conducting trials and offering a variety of services such as subsidised tractor tillage and cheap fertilisers, seeds and equipment on credit.

In addition, agricultural schools are being established, the first at Nizwa, as well as a programme for agricultural co-operatives.

At a different level there has been considerable investment in agro-industries and joint ventures involving the private sector. Notable among the former are the date-packing factories at Nizwa and Rostaq, the first of which has remained in operation, though below capacity, and among the latter, the cattle production unit established at Sohar by F.M.C. California and still surviving after a series of vicissitudes, and, most recently, Sun Farms in Dhofar involving Agricorl of Switzerland.

Why then, given grass-roots and official initiative, has the agricultural sector not apparently fulfilled the hopes of the planners? The single-word answer is manpower. At farm level one must accept that the drive for survival during earlier harsher periods has vanished. The opportunities for lucrative and attractive non-agricultural employment in Oman have grown steadily year by year while the United Arab Emirates have maintained for more than a decade the Dick Whittington syndrome.

Given the present numerical preponderance of the rural population, and the fact that by the year 2000 more than half a million rural Omanis will have to provide the production base for the post-oil modernised state, more emphasis will have to be paid to assisting existing farmers to transform themselves.

The survival of the state will in general will once again depend on the socio-economic stability of the country areas. The challenge lies in the need to obtain a rural response that is increasingly sophisticated and self-sustaining.

# Abundant fish resources

**INHABITANTS** along the 1,700 km coastline of what is now been fishermen for several millennia. Fish resources are very abundant in Oman waters, and until the 1960s exports of dried and salt fish and fish products to the Indian sub-continent and East Africa were exceptionally large for what was then an undeveloped traditional fishery.

The traditional fish exports have, however, virtually disappeared since 1970, and the country is now hardly more than self-sufficient in fish, despite the fact that one of the world's richest fish resources lies off the south-east coasts.

Nevertheless, if properly managed, fishing has the potential of providing a major contribution to both the economic and social development of Oman after oil revenues begin to decline.

**Production figures**

Although official Government estimates place it much higher, Oman's annual production of fish is probably no more than 40,000 tonnes. A large part of this is made up of sardines and anchovies, though the quantities available of these pelagic shoaling fish are notoriously variable from year to year, which makes their national exploitation difficult.

When dried sardines have been important in Oman for many centuries as a food supplement for animals, especially in the southern province of Dhofar.

Larger pelagic fish are also caught in quantities, including kingfish and tunas which are particularly well-liked locally.

Sharks, once the basis of a major export trade in fins with the Far East via India, are still important as a food commodity, especially in sun-cured form among the peoples of the interior, being nutritious, resident and portable, though they are

disliked by the coastal populations for religious reasons.

Realising the potential importance of fisheries to the country, the Government has been attempting, since 1970, to stimulate fisheries development.

Following a marine resource survey of Oman waters, carried out by an American consortium between 1972 and 1975, the Government acquired a fisheries research vessel and three trawlers, and built re-frigerated storage facilities at Mutrah to cope with the catch from these.

In 1975, the Government signed an agreement with a Japanese fishing consortium granting sole concessionary trawling rights to a rich area of the continental shelf off southeast Oman, but within two years the Japanese had pulled out and were replaced by a Korean concern.

In both cases, a proportion of the catch was delivered to Oman. Neither agreement, however, has produced more than a few thousand tonnes of fish per year, much less than was originally hoped.

Early in 1979, responsibility for the concession agreements, the Government trawlers and the associated land facilities was transferred to the newly formed National Fisheries Corporation on the recommendation of FAO. Indications are that the same difficulties of technical and organisational servicing are still hampering production, and the corporation remains heavily subsidised by Government financing.

Rather than these industrial ventures, it is the local small-scale "traditional" fishermen who are responsible for the vast bulk of the national fish catch. Detailed national statistics are lacking, but the number of small-scale fishermen may be placed at present at around 6,000, including adolescents.

They work with a variety of equipment including beach seines, fixed nets, submersible recent years.

Even though it has benefited Oman in that new ideas and capital have been injected into the home fishery, the migration now forms a serious loss to Omani fishing manpower. The decline in fish production since the late 1960s can be put down partly to this loss.

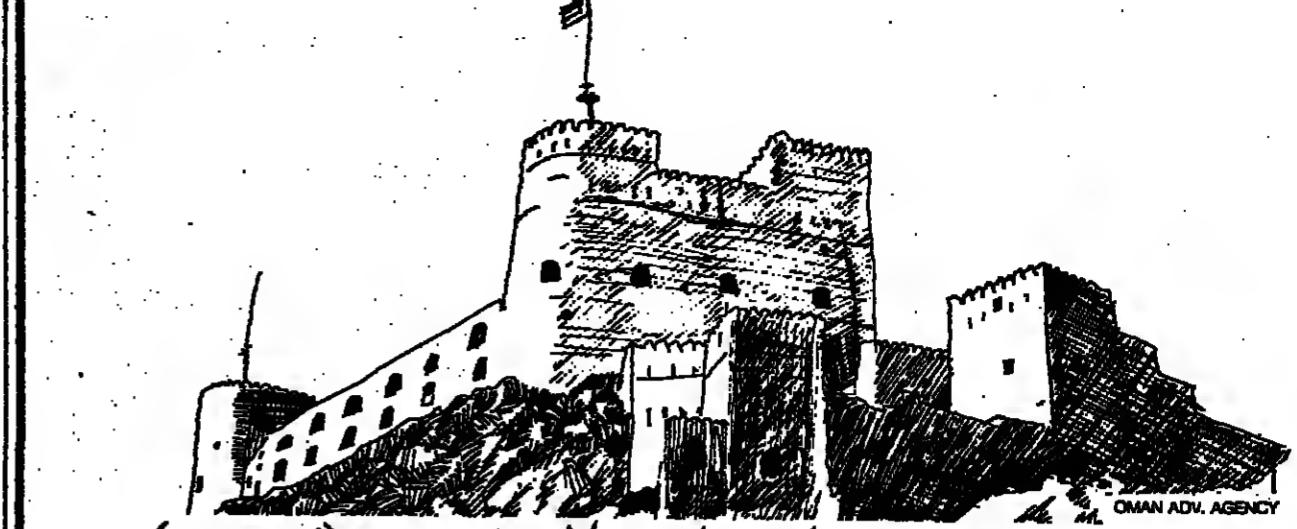
Since the mid-1970s, the Omani Government through its Directorate-General of Fisheries has attempted to encourage fishermen to catch more by remaining in their home settlements. As inducements, the Government has distributed more than a thousand aluminium craft and motors on a grant-loan basis. Despite this, fishermen continue to migrate since their reasons for doing so are not due to lack of such equipment. Rather, they are the difficulties of repairing their motors in their home settlements, and the attraction of higher returns from fishing and other work in the Gulf states.

The Government has plans to improve the repairing service to the fishermen which, when they materialise, will help the situation. The more basic problem is however one of returns.

At present, Omani fishermen are discouraged from catching more fish than they can sell at an acceptable price, and will continue to see their best opportunities as lying outside Oman as long as the local marketing system is unable to absorb greater quantities. The main constraint on the local fishery is, thus, in banding and marketing rather than in fish catching.

Despite their difficulties, however, it will be the local small-scale fishermen rather than industrial ventures which catch the larger part of Omani fish for the foreseeable future.

**Dr. Bill Donaldson**  
The writer is a member of the University of Durham's Oman Project



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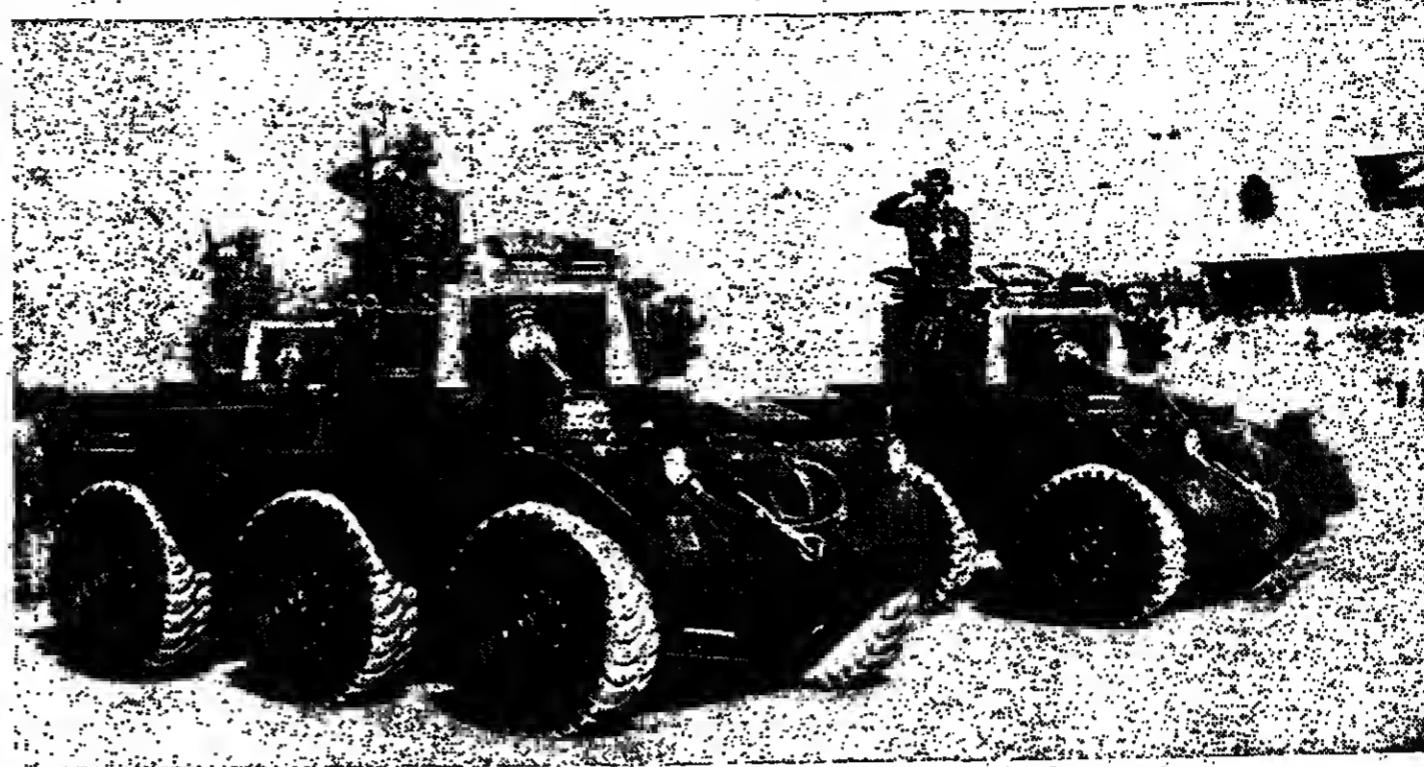
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# Big emphasis on efficiency in defence and security



Oman's army is 16,000-strong. Above: a section of the National Day Parade

than seemed necessary for peace-time.

But the enormous growth of the firepower of the forces of the People's Democratic Republic of Yemen, the build up of the Soviet presence in Britain's former base at Aden, and most recently, the ending of Iran's active defence role in the region have completely altered the picture.

South Yemen still supports the Popular Front for the Liberation of Oman (PFLO) and does not recognise the Sultanate.

The PFLO probably now has only nuisance value in Dhofar where only a few dozen fighters are still at large, while the main entry route across the border for insurgents is virtually sealed.

Muscat is more worried about the possibility of outright invasion by South Yemen, perhaps on the lines of South Yemen's incursion into North Yemen last year under the guise of helping a liberation front.

Sultan Qaboos believes that his forces could deal with a South Yemen invasion on its own, but since South Yemen would be most unlikely to attack without the blessing and physical support of the Soviet Union and its surrogates he thinks the Sultanate would need help from outside.

The three avowed aims of the armed forces, which are divided into three—the Sultan of Oman's Land Forces, Navy and Air Force—are to deal with internal security, perform counter-insurgency tasks and to deter an external enemy. The development of the forces over the past two and a half decades concentrated primarily on the first two objectives, since their main task was the pacification of the interior in the 1950s with the Jebel Akhdar war, and the second the defeat of the 12-year insurgency in Dhofar.

In certain respects, the ending of the Dhofar war appeared to leave Oman with rather more heavily equipped armed forces

question is who will pay for the new arms.

With its new oil revenue, Oman is far better placed to pay than it was before, but it probably still hopes that Saudi Arabia, which is believed to have paid for its first Jaguar squadron, will foot at least part of the bill, while it has for months been trying to get all the Gulf states to finance its minesweepers.

### Distribution

Yet even without the mine-sweeper force, which would completely alter the basic of the navy, the absorption of large quantities of new equipment could be a distraction from the training and Omanisation especially in the air force and navy.

During the Dhofar war, expatriate officers made most of the decisions and handled all the staff work and logistics, so the armed forces now concentrate, especially in the army, on teaching staff work to complement the Omanis' battle experience.

Omani officers have been put into more and more senior posts in the army, though usually with a British deputy commander to give advice and continued training.

All the infantry battalion commanders (except those of the battalions raised from Baluchis) are now Omanis, and the British commander of the army, Major General Johnny Watts (formerly commander of the SAS who last contingent left Oman in early 1978) is to be the last British officer to hold that post. He will stay for three years as general, and the Omanis hope he will stay on thereafter to assist his Omani successor.

One of the two commanding brigadiers in the army—the commander in Dhofar—is an Omani, and he will soon move his headquarters to help the general after which both brigade posts will be taken by Omanis. The number of British tank service personnel in the army is now down to 39 from 40 in 1978, but the artillery and other technical services will take longer to Omanise than the infantry. Even so Col. Gazzali believes the target date in three to four years' time for full Omanisation of army will be met.

But the air force and the navy will take considerably longer to Omanise because of the technical knowledge required and the low level of technical and educational skills most Omanis have. Pilots are being trained at Misrata, the former RAF staging post, but the programme only began in 1977. There are now some Omani Hunter pilots, but the Jaguar squadron is flown by Britons either on secondment or contract.

The result of all these developments is that Oman feels it must strengthen its forces. The 16,000-strong army (excluding expatriates), is not equipped for an offensive war—it has no tanks but only armoured cars—and apparently does not intend to change that. But having agreed last year to buy \$800,000 worth of anti-tank missiles from the U.S. it has asked Britain and the U.S. to supply 155 mm artillery to match South Yemen's.

The Air Force, whose main offensive strength is a squadron of Anglo-French Jaguars (one of which was destroyed in training) and a squadron of Hawker Hunters, has asked for another 12 Jaguars, more Sidewinder air-to-air missiles and more British Rapier/Blindfire surface to air missiles. The navy which has six fast patrol boats, wants three minesweepers to patrol the Strait of Hormuz, more patrol boats and some anti-submarine helicopters.

Both Britain and the U.S. are considering Oman's list of requests which was submitted last year, well before the Afghanistan crisis. The initial U.S. reaction was that though some of Oman's equipment was ageing, it was not in desperate need of many new items. Britain and the U.S. may now regard Oman's requests with more urgency, but an important

force, and a fair number resigned to go back to the UK, where they had had to leave their wives and families anyway. The Jaguar squadron went far below strength and there was a shortage of aircraft engineers.

At lower levels, there is an alarming drain of manpower to the forces of the United Arab Emirates, which fills its yawning manpower gaps with mercenaries of 29 different nationalities, but predominantly with Omanis, who are believed to make up between 60 and 80 per cent.

The attraction of serving in the UAE is much better pay, much less discipline, shorter hours and the lack of hardship.

During the Dhofar war, expatriate officers made most of the decisions and handled all the staff work and logistics, so the armed forces now concentrate, especially in the army, on teaching staff work to complement the Omanis' battle experience.

The Ministry of Defence in Muscat claims that the UAE has three times broken agreements, not to poach men from Oman and not to raise their pay scales without warning Muscat. To fill up its own forces Oman has to recruit from Baluchistan and other parts of Pakistan. The non-Omanis are commanded by British officers.

While the armed forces play an important role in bringing development and particularly air services to different parts of the country—especially Dhofar and Masandam—they are themselves inevitably an educational force in Omani society. It is often thought in Oman that to counteract any political threat from the armed forces, especially when Omanisation has gone further, the Royal Oman Police have deliberately been well equipped.

The International Institute for Strategic Studies classes the

police air wing, with its Buffalo and other transport aircraft and its helicopters, as paramilitary forces.

The police are certainly highly efficient and contribute greatly to the orderliness which is so obvious in Oman; but there are only about 4,000 of them and their equipment is arguably no less than is needed by a colonial-type force to operate in a big, wild country, where illegal immigrants and subversives are considered a constant danger.

### Fears of subversion

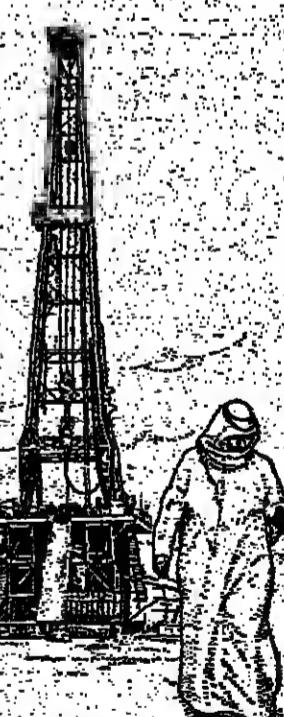
The big level of defence spending, the Sultan's own interest in defence and security and the perceived threats of subversion from outside make Oman highly security conscious, restrictive of the entry of visitors and apt to react with a major security alert to any hint of trouble.

Palestinians find it very hard to enter Oman by normal means. Some people argue that the security is obsessive and that the protection given the Sultan, at least until recently, to him of his own people and so was counter-productive.

In early 1978, over reaction and family analysis of information by the Oman Research Department, the intelligence service led to the army staging a big build-up on the Abu Dhabi border—even the Firdat home guard were brought up from Dhofar. It turned out that Abu Dhabi was staging some routine exercises. One result was that the ORD has since been shaken up and some of the older personnel replaced (with Britons), and a new director brought in from Hong Kong.

J.B.

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## OMAN VII

# Rural pattern of living destroyed by change

UNTIL THE oil era, agriculture not only formed the basis for the economy of Oman, but also for the way of life in which its social and political institutions were rooted. Today, the old pattern has all but disappeared.

In part, this collapse has been caused by the importing of food, coupled to a fall in demand for the old product of the land, and in part by the availability of an alternative economy and the perceived attractions of the new centres of development. But more important is the damage caused by the break-down of traditional social structures. Here, the changes have been least appreciated and the remedies most ill-conceived.

The worst affected part of the region is the mountainous interior, the part of the country which was more-or-less independent of the Sultan until the British backed coup of late 1955 which did away with the rule of the Imams (spiritual leaders) whose origins go back to the eighth century.

With the final suppression of the Imamate resistance movement in the early 1960s, effective control of the whole country moved to Muscat and for the first time in its Islamic history the interior was opened up to outside influences.

With this basic shift in the political structure of the country, those barriers were removed which had isolated the interior and allowed to continue, largely unchanged, those institutions that had been developed between the eighth and twelfth centuries.

## Emphasis

With the accession of Sultan Qaboos in 1970 suppression gave way to more benign rule, but with it came neglect. Political emphasis is now concentrated on the southern province of Dhofar, where the basic cause of many present-day problems. The present Government can point to schemes and well-intentioned efforts, but their failure to meet the real needs of the villages stems from a lack of understanding of how land organisation actually functions. The old Imamate was not ideal, but at least the tribal and village social structures were partially integrated through the communal interest in the *falaq*, whilst the Ibadi religious code ensured a reasonable distribution of wealth and adequate representation of the interests of all elements in the population in the running of the country.

## Tribal system

The cost of maintaining this primitive "democracy" could be high in economic terms, for the tribal system functioned by opposing rather than uniting groups, while the decentralised form of Ibadi government resulted in a failure to invest sufficiently in the upkeep of the country's irrigation system. In contrast, the villager has peace today and a government with the means to better his lot. Yet there is no security, for he lives in a world in which he has lost confidence. The political structure has left a vacuum of organisation in the villages and is a major factor contributing to the abandonment of land.

Migration from the villages, whether to the burgeoning new centres on the Coast or to other prosperous parts of the Gulf region, is the main manifestation of these declining conditions and the immediate cause of change in the villages, for the pattern of the agricultural calendar along with the division of labour and responsibility was based on the old demographic structure. The result is an increasing misuse of water, powerful who can exploit short-

ages and disequilibria. This decline of the *falaq* system also affects whole series of others dependent on it. One example is that of *waqf*, the system of religiously organised charity. Studies of the traditional use of *waqf* to Ibad, near Nizwa, show how important this was to providing for such community interests as education, hospitality, the upkeep of religious buildings, and the supply of funds for emergencies and the maintenance of the poor and orphans.

In some measure, these needs are being fulfilled by government organisations, in some cases more fully than under the old system. Yet the growth of a welfare state institution, administered by a remote central government, is replacing self-help and the sense of communal responsibility. Once again the society is being sapped of its own energy—centuries of work are being undone without thought or even awareness of what is happening.

There is no simple solution to any of these problems. Many of the changes are inevitable and, in some respects, there is not a great deal to be done about them. But, in a country of perhaps three quarters of a million people which is also relatively poorly endowed with oil, there is no room for complacency in this decline of the agricultural economy. This is particularly so since most of the labour from the villages is not being drawn off into the oil sector but into non-productive occupations which do little to better the standards of the population.

## Casual labour

A major survey conducted by a Durban University team in the Ibad area and published in 1977 showed that three quarters of the male population between 14 and 40 years old were absent. Nearly half of these were occupying low grade positions in security forces, a quarter were unemployed, while over half of the rest were only acting as casual labour or foragers or office boys in government offices.

The most disturbing feature about this situation is the lack of awareness of what is happening and the insensitivity of those in authority to realise that this rural exodus is not only failing to benefit the population, but is also leading to the collapse of an irrigation system worth countless years of oil income and of a society which has grown out of the land.

True, surveys are commissioned by the dozen, but the reports are lost in departmental reshuffles and there is no continuity in the collection of data essential for future development.

Cushioned from the outside by the trappings of new wealth by the Government of Oman today is profoundly ignorant of the realities of rural life. A little story from the past should perhaps be fixed on the wall of all officials.

The story goes: "One day, while the Imam Ghassan ibn Abdulla (308-823) was out walking in Nizwa, he noticed that water-moss was beginning to clog the main irrigation channels.

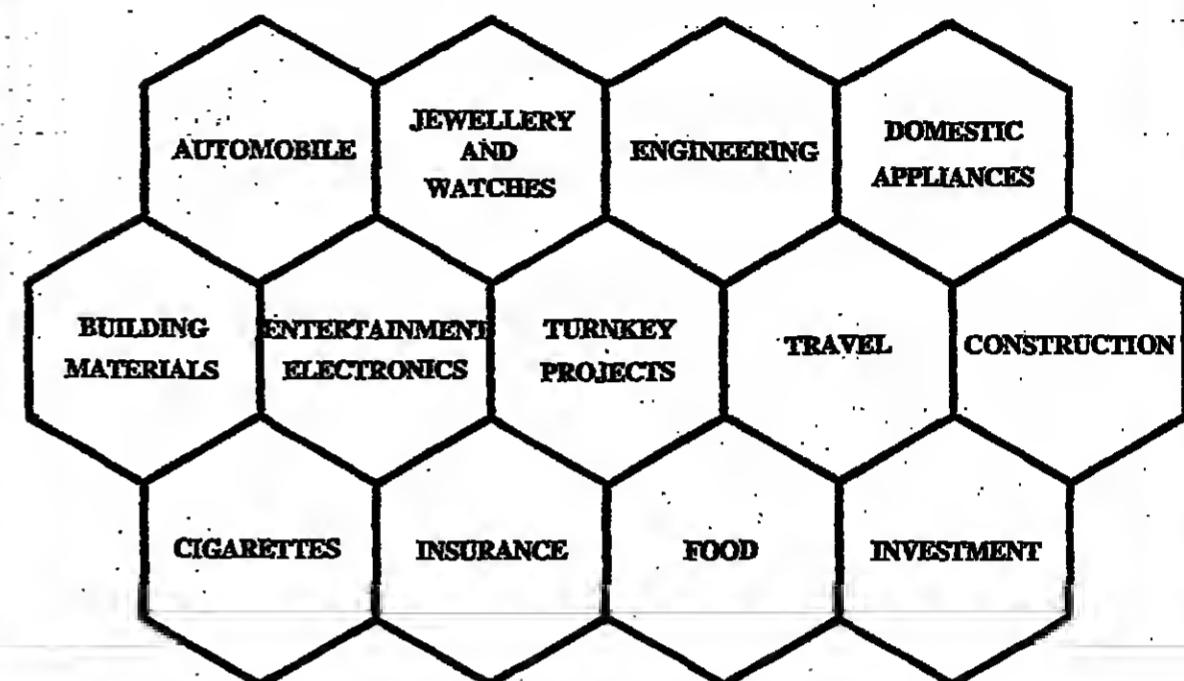
"Realising that this was a sign of something wrong, he determined on discovering the cause. Eventually he managed to narrow it down to mismanagement by his own officials. These be therefore changed, whereafter it was to be seen that the water flow in the channels increased."

**Dr. John Wilkinson**  
The writer is a lecturer in geography at the University of Oxford.



Women wash and fill water-jars in an ancient canal, near Nizwa, Oman. The system of *falaq*, or irrigation by gravity channels, is still widely used

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# An independent attitude in foreign policy

**OMAN'S MANAGEMENT** of its foreign affairs today owes much to two things: its physical isolation—by sea or by desert—from other countries, except the United Arab Emirates; and its long historical tradition of looking outwards from Arabia to trade and colonisation along the coasts of Africa and the Indian subcontinent (Zanzibar was once Oman's most prized territory). Its last foreign possession, a little enclave on the coast of Pakistan, was given up only 22 years ago.

Perhaps this is why Omanis are far bolder than other Arabs in saying bluntly what they think, a trait that appears to be reflected in the Sultan's foreign policy. Unlike other Arab states Oman does not automatically subscribe to conventional Arab attitudes, which it often considers—and describes in private—as bogus and hypocritical and it often sees Arab affairs in a broader context.

But its policies flaunted independent line on many issues can make it isolated, while an unquantifiable factor is how much effect the government's attitudes in foreign affairs have on opinion at home.

## Out of step

In three particular respects in the past few years Oman has been out of step with most of its Arab brothers. First, the Sultanate had good relations with non-Arab Iran during the reign of the Shah and relied heavily on Iranian troops for putting down the insurgency in Dhofar. Sultan Qaboos, who in many ways admired the Shah, found Iran a good counter-weight to the Arab world as well as a supposedly powerful friend to rely on for more military help in an emergency.

Second, Oman has been far more positive about President Sadat's peace initiative towards Israel and the Camp David agreement than most other Arab states, believing that the peace treaty was by far the most worthwhile step towards settling the Middle East conflict that had so far been taken and privately challenging the Arab countries which rejected Camp David to produce an alternative strategy.

Senior Omani officials are privately scornful of the rejectionists; one of them describes the \$1.5bn Arab aid which Syria obtains annually as a frontline state as "rent for the occupied Golan Heights which Damascus

prefers to winning them back."

The third and most recent example is Oman's acceptance in principle of the idea of U.S. forces using military facilities in Oman in an emergency. This would not involve U.S. or other foreign troops being stationed permanently on Omani soil, but it is nevertheless a bolder position than other Arab states, except for Egypt, have chosen to make public.

## Serious risks

All these policies entail serious risks and in the first half of 1979 Oman was looking decidedly isolated in the region because of the fall of the Shah and because of its continued backing for Egypt, with only Sudan and Somalia as partners in the Arab League. Though there was little question of Saudi Arabia or Abu Dhabi cutting off aid, there was a danger that Oman's stance could increase the possibility of subversion and sabotage from South Yemen, Iraq and Palestinian terrorists—and in fact there were a number of security alerts.

As a result Oman attended the Tunis Arab League meetings and went out of its way to state that it believed in full Israeli withdrawal to 1967 borders and in Palestinian self-determination with the right to independent statehood. It did not, however, break relations with Egypt.

The other area of great possible danger is the Strait of Hormuz, the waterway partly in Omani territorial waters at the entrance to the Gulf which at its narrowest is 24 miles wide and through which about two-thirds of the West's oil imports pass.

## Terrorists' claims

From the departure of the British from the Gulf in 1971 to the Iranian revolution in 1979 the strait was guarded by Iran. Now Oman, with only a few fast patrol boats in its navy and just a company of the Muscat regiment at Khasab on the rugged Masandam peninsula, has the responsibility of guarding the straits, but without the minesweepers essential to make a proper job of it. For probably the most dangerous threat is of terrorists laying mines there, or claiming that they have done so.

However remote such a possibility may be—there are plenty of more tempting and more accessible terrorist targets in the world—it is clear both to the oil exporters of the Gulf and to the Western oil consumers that the Strait ought to be made more secure. Oman's attitude to this issue may be dictated partly by its broadly pro-

Western posture, since its own oil does not pass through the

time to reach any agreement, let alone implement it.

One continuing failure of Oman's foreign policy has been that it has not yet established as good relations as it needs with the United Arab Emirates, the loosely-governed federation of sheikhdoms on Oman's north-western border whose boundaries are intertwined with those of the sultanate.

Actual confrontations with the UAE have centred on a variety of border disputes of ancient and obscure origin con-

cerning Abu Dhabi, Fujairah, Dubai and Ras al Khaimah; in early 1978 the sultanate rushed troops up to the Abu Dhabi border, and on a spectacularly high ridge in Masandam there is still a line of Omani military posts facing those of Ras al Khaimah. Fortunately, a succession of missions in the past six months have gone a long way to neutralising these various disputes and allowing the mechanism for settling them to proceed.

## Border disputes

But the border disputes probably mask the real problems of relations with the UAE. The federation's riches make it a drain on Omani manpower, both civil and military, with particularly serious effects for the Omani armed forces and the police; while because of its loose internal security and immigration controls, and the complex border with Oman, the UAE unwittingly provides a potential backdoor into the Sultanate for subversives, undermining the tight security at other entry points.

These intractable issues have not been properly settled, even though the Omani establishment has good personal relations with some of the ruling families of the UAE and Abu Dhabi gives Oman considerable financial aid.

So far Oman has not opened a diplomatic mission in Abu Dhabi, though it has a consulate in Dubai.

Oman moved some way towards the U.S. out of uncertainty about British policy towards the Sultanate in early 1979. Initially cautious, the U.S. would now like to use Omani military facilities in an emergency, possibly as part of an operation whereby U.S. troops fly into the area to meet heavy equipment arriving by sea so as to stand by for action in a neighbouring country.

Its base at Diego Garcia in the Indian Ocean is too far away from the west Asian mainland, and the U.S. is also looking for facilities in Somalia and Kenya. The next stage is for the U.S. to send a mission with the task of assessing the potential of Omani facilities in detail. Those under consideration are the airfields at Salalah and Thamarit in Dhofar, Masirah Island and Seeb near Muscat; adjacent to the main military base at Muaskar al Murtafa. The latter two would be most suitable, though what Masirah has in terms of remoteness and privacy it lacks in terms of facilities. It has only a fishing harbour and the airfield has no radar. Up till now the only U.S. military involvement has been the occasional visit by a U.S. Navy P3 Orion reconnaissance aircraft to Muscat.

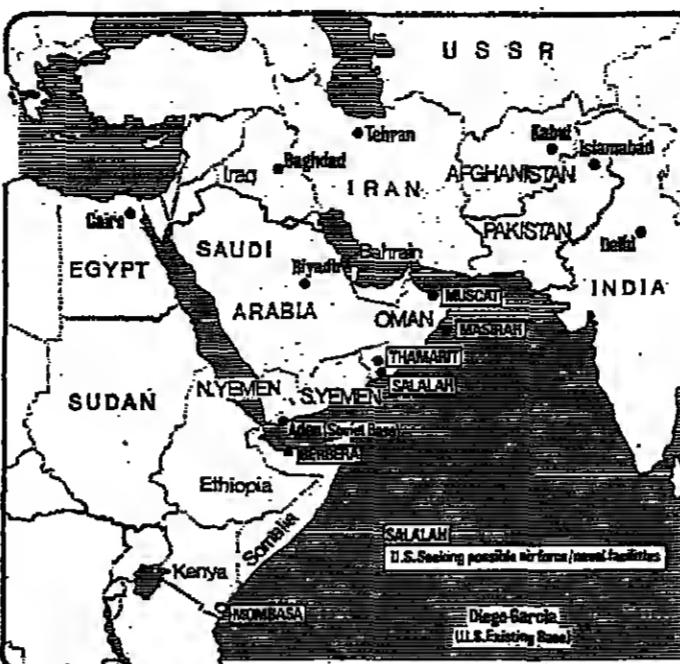
The election of the Conservative Government in Britain may have marginally improved its relations with Oman, where the UK has its important military involvement. Britain now seems prepared to supply Oman with much of the military equipment it wants and to maintain its assistance programme.

The root of the British dilemma, which Conservative Ministers feel little less than their Labour predecessors, is that Britain's heavy involvement is not matched by comparable influence over events, while it fears there may be confusion in Oman's minds between the role of the British Embassy and that of British expatriate advisers working for the Sultan.

Anxiety about Oman and in particular the Sultan's internal position—justified or not—reached a peak last spring after the fall of the Shah, and at the time of the Queen's visit to the Sultanate, Omani feathers, always sensitive, were badly ruffled. But the British Minister had to face the fact that the only real way they could influence Sultan Qaboos was by reducing their military support, which might well have exactly the result they wanted to avoid—gravely endangering the regime.

The new anxiety over Afghanistan has not totally blinded the British Government to Oman's potential weaknesses though one cause of disagreement—Oman's involvement in supplying Rhodesia with arms and other materials in breach of sanctions—has ended with the removal of sanctions.

J.B.



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# The strategic importance of Dhofar Province



Youthful members of the 3,000-strong armed Firqat force, handsomely paid by the Government for raiding and advice on enemy movements

THE SOUTHERN Province of Dhofar has few cultural ties and only recent historic links with the rest of the Sultanate of Oman. Climatically and ethnically it is different. Geographically, it is separated from the north by desert tracts.

Yet, Dhofar is vitally important

because it is the province

directly adjoining the People's

Democratic Republic of Yemen

(PDRY), the only Marxist state

in the Arab world.

A firm believer in the domino theory, Sultan Qaboos bin Said is chiefly preoccupied with what he sees as "the advance of Communism". Soviet domination of South Yemen and the prospect of Soviet or Cuban-backed insurgency in Dhofar is of over-riding concern. If Oman fails to the Communists, so will the rest of the Arabian Peninsula he maintains.

The Dhofar War ended in

December, 1975. But the sultanate is taking on risks. It was the

PDRY that provided a refuge

and military support for Dhofari

rebels for much of the 12-year

struggle against sultante rule.

Today, the

3,000-strong irregular Firqat

force. After the 1970 bloodless

coup against the despot Sultan

Sid bin Taimur, the civil re-

forms undertaken by his son

and successor, Sultan Qaboos,

are said to have eliminated

many of the grievances that led

the Jebali hill people (living

north of the capital of Dhofar,

Salalah) to rebel. As a result,

the rebel movement suffered

reversals; many defectors from

South Yemen's regular forces

together with former Dhofari

rebels and local recruits joined

the counter-guerrilla Firqat, set

up and trained by the British.

Today, operating in tribal

groups, 22 Firqats, each with

up to 100 men are used by the

British of Oman's Land Forces

(SOLF) for raiding and advice

on enemy movements.

Contractors of West Germany

will have converted Mina

Rasayt into an all-year port,

capable of handling a million

tons of cargo, annually. In

addition, Salalah boasts an inter-

national airport, a Holiday Inn

hotel, numerous banks and a

daily air-service to Muscat, 700

miles away.

Politically, development has

produced gains for the Govern-

ment. It has deprived the

PFLO of Dhofari support, boost-

ing the Sultan's popularity in

the process. And through the

civil aid centres, it has brought

the Government to the people,

enabling the Sultanate to

monitor the political climate in

the Province and relay its

policies.

But here is the rub. The pro-

vision of aid, particularly for

the Garza cattle-rearing project

for the Jebalis and the provi-

sion of cheap outboard motors for

the fishermen, has arrested the

flow of Jebalis, Nejd nomads

and coastal people to Salalah.

Signs are that Govern-

ment handouts have pampered

the Dhofaris—reducing their

willingness to work and eroding the

traditional economy. The cattle

rearing Jebali who provide

cheese (queso) and butter

in exchange for sardines for

use as fodder now have less incen-

tive to do so. With only

# The police: a structural problem

BY IAN DAVIDSON

**IN RECENT MONTHS,** the British police system has become increasingly a target of public controversy, and the intensity of the controversy has grown with every passing week. The controversy embraces four—or, as I think, five—distinct chapter headings; taken together, however, they suggest that there may be structural problems embedded in our police system which need looking at afresh.

The four main chapter headings are: the deaths which have taken place in police custody; the corruption in the Metropolitan Police force, which is being investigated by Operation Countryman under Mr. Leonard Burt from Dorset; the relations of the police with blacks and other coloured people; and the alleged failure of the new police complaints system set up under the 1976 Police Act.

## Endorsement

But it is the fifth chapter which may be the most interesting, since it would appear to be a tell-tale of the generalised problem of which the other four chapters are only particular manifestations. This is the loquacity, which seems to have infected a growing number of chief constables ever since Sir Robert Mark set them the example, and which takes the form of rival appeals to the public via the media, for an endorsement of different, even conflicting, interpretations of the role and tasks of the police in our society. The Police Federation has shown a tendency to react with sturdiness to any suggestion that anything may be amiss, when it cannot possibly be certain that all is right, and when there are *prima facie* signs that some things may not be right. But it is their stridency

which, taken with the controversy between chief constables, suggests that there may be something, or some things, wrong with the system as a whole.

Quite a few people were surprised when it emerged that 245 deaths occurred in police custody in the ten years to 1979, and many were surprised when the Home Office declined to give the names of those who had died because it would cost too much—though subsequently it changed its mind on this point. These figures were elicited as a result of concern about one particular death that of Mr. James Kelly, after his arrest by the Merseyside Police; and now the newly-formed Home Affairs Select Committee of the House of Commons is to hold an enquiry into the general pattern of deaths in police custody.

It was Sir Robert Mark's firm view that the right way to deal with "bad copper" was to discipline them internally or throw them out of the force, and he secured the resignation of a large number of policemen during his tenure as Metropolitan Commissioner. Many people believed therefore that he had "cleaned up" the Met.

But subsequent events, culminating in Operation Countryman, seem to indicate either that corruption was much more deeply embedded in certain parts of the Met than he had known, or else that the system generates strong if not irresistible pressures towards corruption. The extent of corruption cannot, of course, be publicly known until Mr. Burt, the chief constable in charge of the operations, has completed his task, and even then we shall only know about those cases which the Director of Public Prosecutions has felt able to bring to trial. But there are two pointers to the scale of the problem: the size of the Countryman operation, and the fact that Mr. Burt



Sir Robert Mark

has been forced, by the solidarity between police officers, to depend heavily on information from criminals. This latter element must inhibit the success of Countryman, since the DPP believes that juries are reluctant to convict policemen on the evidence of convicts.

One must, of course, expect that some policemen will be perceived by the opportunities offered by their dealings with the underworld. I know someone who claims to have got a relative of a life sentenced charge by paying money to the police. The question which needs to be answered is whether this is a case of a few rotten apples in an excellent crop, or a more serious systemic problem.

## Reappraisal

Some people would also argue that the role of the DPP is also ripe for serious reappraisal. This may appear to be a quite separate question from that of the police system, but it isn't really. Most prosecutions are handled by the police, with the

DPP dealing only with the most serious cases. Inevitably, this gives the police a great deal of discretion in deciding whether or not to prosecute, and on what charge. It is at least arguable that this gives them too much discretion, and too much power; it certainly takes up time which could be more usefully spent—given their complaints of understaffing—in more normal police duties. And the greater risk of corrupt relations between police and criminals, the greater the risk that the discretionary power will be misused.

Any normal person would regard this as an obvious hypothesis on a priori grounds. We know from common observation that racial prejudice is widespread in the British population, and there is no reason to suppose that the police are any different. But Scotland Yard is deeply disturbed, even by the tentative suggestion of the Home Office study, that the statistical basis of the findings, and is drawing up a counter-memorandum on the subject.

The problem of police relations with blacks and other coloured people has for some time been a contentious issue; black communities and their leaders believe that the police play on them and they point to the, by now, notorious use of "sus" under the 1824 Vagrancy Act ("being a suspicious person")—a charge which is logically impossible to prove only by dispute, which requires to prove the word of the police officers, and which is not eligible for trial by jury. They also claim that the mobile Special Patrol Group is used to harass and intimidate. Scotland Yard says that (white) old ladies are grateful for the protection they think is afforded by the SPG, but there is also testimony from police officers, at the top as well as at the bottom, that aggressive, invasion-type policing ruins any attempts to build bridges with ethnic minorities.

At the end of 1979, the Home Office published one of its research bulletins, which was mainly devoted to the subject of race, crime and arrests. This showed that arrest rates for blacks in London was far higher than could have been predicted from their proportion of the population. In the case of petty street thefts, the arrest ratio was 15 times higher than for whites. (For reasons which are not made clear, the study does

not reveal whether or to what extent this disproportion was subsequently affected by the conviction rate.) The authors imply that one possible factor, apart from black unemployment, and apart from any black propensity to crime, may be discrimination on the part of the police.

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Until 1976 complaints against the police were handled entirely by the police. In that year an independent Police Complaints Board was set up; this is widely believed to be one of the reasons for the resignation of Sir Robert Mark. It is hard to understand police hostility to a change which has turned out to be nugatory in practice. Investigations into complaints against the police are still conducted by the police. The Complaints Board sees the dossier but cannot make any independent investigation. Its latest report, for 1978, shows that nearly 12,000 complaints were made, that 58 charges were preferred by the police, and 15 disciplinary charges were recommended by the Board.

I have seen most of the complaints file from one community relations office in one London borough. The cases fall into three categories: no answer yet from the police; the police say the complaint has not been substantiated; and the police say the complainant has unreservedly withdrawn his complaint. No file concluded with a reasoned answer to the complaint, let alone any expression of regret for yet another breakdown in good relations between the public and the police.

No hard conclusion is yet possible. The Board would say that a soft approach has been necessary to explain a good deal of this away on the basis of better reporting (since only



Mr. William Whitelaw

about a tenth of all crimes are reported to the police), the explanation does not solve the police problem: there are many more reported crimes for them to deal with, and their workload becomes yearly more unmanageable.

By one of those traditional bits of British muddle, it is accepted that the police are independent in deciding policy, out of a traditional fear that the police could become the tool of the State or of party political government. In practice the police cannot solve the problem they are faced with, in a society which is increasingly disrespectful of all forms of authority, and in which public notions of *mores* are no longer homogeneous. This is why we find, at one extreme, Mr. John Alderton, Chief Constable of Devon and Cornwall, advocating preventive community policing and social engineering; at the other, hardened men like Mr. James Anderson of Manchester, pushing a hawkish line. We should sympathise with the dilemma of the police in facing a riddle which they are wholly unequipped to solve; and yet the best that Mr. William Whitelaw, the Home Secretary, can offer is the statement: "I believe the chief constables to be independent."

## Accountability

The key word is accountability. The police would be a lot better off if some routine tasks, like traffic control and court ushering, were taken out of their bands. But they, and we, would be even better off if Parliament were to decide that the cruel choices facing every one of our 43 independent police forces required some democratic debate and some democratic accountability.

## Letters to the Editor

### Panic in the pipeline?

From Mr. A. Braithwaite,  
Kurt Salmon Associates

Sir.—Your article "More good news for brand leaders" (January 24) deserves qualification if it is to apply to the clothing industry.

We see retailers cutting back their orders to apparel manufacturers, often by as much as 25 per cent. In response, we see manufacturers reducing capacity, often in ways which will make it difficult to restore it when business picks up. There are also clear signs that this is leading to cutbacks in textile capacity. At the same time, we note from a recent study that apparel consumption is likely to be maintained this year.

Reduced capacity and lower output, when coupled to stable consumption, will create a supply gap in the coming months. This will inevitably lead to a further rise in imports; another twist in the downward spiral of our home manufacturing industry.

Panic in the pipeline can be averted only if manufacturers keep their head. Those with strong brands, who produce for the consumer, sell with confidence in the collection and use the retailer as an efficient distributor rather than as only a customer, have a better chance of maintaining performance through the coming recession. They should make the most of it, by applying their confidence in their product to boosting retailers' confidence in the future.

Other manufacturers can help by also adopting a total marketing approach. Just having a brand is not enough. They need to develop products that consumers want rather than need and to sell through, rather than to, the retailer.

If the manufacturing sector takes the right action, good news may well materialise in this sector also. If not, the good news will be for our competitors in the EEC and elsewhere.

Alan Braithwaite,  
60 Stamford New Road,  
Atrincham, Cheshire.

artificial principle, such as alignment with other fuels on a thermal parity basis. Indeed to base all energy prices on such a principle would be to destroy competition and to encourage inefficiency."

Terry Bunn  
Dorset House, Stamford St, SE1

### An economic viewpoint

From Mr. J. Burns

Sir.—I think we can deduce from Samuel Brittan's "Economic Viewpoint" (January 24) that his income has risen "roughly in line with inflation" or he doesn't use gas.

For those of us not in the favoured position of "most people" personally I am 10 per cent short of rising in line—the increases are another blow on top of mortgage, petrol, rates and other rises.

For those of us who were quick off the mark and did our homework before choosing gas the new tax is an insult as well as a bitter imposition.

We are entitled to our "uproar" and Mr. Brittan should be more careful in his assumptions about people's earnings. I suggest a few weeks in British industry would help him get his ideas sorted out.

J. E. Burns  
22 Princetown Lane,  
Cheude Huine, Cheshire.

### Unpaid bills

From the Managing Director,  
Whiteland Engineering

Sir.—Mr. Stern (January 18) draws attention to unpaid bills—a major problem of most small businesses. I understand legislation has existed for years in some European countries but in the past the CBI has been unwilling to support such a move here, pointing out that the remedy is available to all in their terms of contract, a fallacy of course, as Mr. Stern has rightly pointed out.

Maybe the attitude towards small companies is changing due to the efforts of breakaway groups from the CBI such as the Union of Independent Companies. It is even conceivable that the small firms council of the CBI would support such legislation, but the rate must be "at least" 2-3 per cent above the minimum lending rate (as is currently charged by some large companies and local authorities) since the effect of the legislation would be to keep money circulating in the hands of the rightful owners and not provide an alternative source of compulsory lending.

W. H. Whiteland  
Torrington Lane,  
Bideford, North Devon

### A voice for small firms

From the Chairman,  
P. Ormiston and Sons

Sir.—Once again (January 18) the CBI is attempting to convince us that it is the patron of small businesses. "The greater part of the membership of the CBI consists of firms of modest or very modest size," says Mr. Edward James, deputy director general of the CBI. Such a declaration you might think indicates that small firms exercise a great influence

within the committees of the CBI. But this is not so. Despite the fact that they comprise the majority of the membership, the representation of small firms is limited to 10 per cent on the main committees and 25 per cent on regional councils.

The small firms council although it purports to serve independent companies is itself deprived of independence because its decisions have to be ratified by the general council 90 per cent of whose membership is drawn from the nationalised industries and big public companies. This is a constant source of embarrassment to officials as well as the members of the CBI.

Mr. James complains that "the message seems very slow in getting through." Has it occurred to him that that could be due to the fact that the message is rather unconvincing. Perhaps when the CBI is able to attract individual small firms rather than recruit them through trade associations it will present a more convincing image.

At present the CBI attempts to represent the nationalised industries, the big public companies and small firms. It has demonstrated quite clearly which group gets the major say in its affairs by the allocation of seats on its committees.

Jeho Ormiston,  
21 Totland Street,  
SW1.

### Joining the CBI

From the Deputy Director-General  
Confederation of British Industry

Sir.—Your diarist, Observer informed your readers (January 22) that he is eager to bring them even deeper insights into the workings of the business and financial world. I am bound to say that in his item "Mystery member," he utterly failed in this laudable aim.

First he spoke of "the strangely unpublicised" decision of the Stock Exchange council to join the CBI. In fact its membership was given exactly the same publicity as is given to any other new member. Is there any reason why it should be given more? It was sufficient to bring its membership to the attention of the Financial Times.

Then Observer found it necessary to ask what the Stock Exchange hoped to gain from membership of the CBI and apparently could not understand the answer. The answer really should be so obvious as to make the question unnecessary. The main purpose of the CBI is to work for increased prosperity for British industry and commerce through free enterprise and the market economy, doing this to the ultimate benefit of the nation at large. Is not the future of stockbroking wholly dependent on the continuance of the system of free enterprise and the market economy, and its prosperity indissolubly linked to that of industry and commerce? And do not these provide the soundest possible reasons for the Stock Exchange to give the CBI its active support?

The Stock Exchange is in company with numerous other organisations which have "association" membership of the CBI, and pays a subscription at a rate which entitles it to a seat

### GENERAL

UK: Wales TUC calls one-day general strike in coal, transport and steel industries in protest against coal imports and BSCA redundancy plans.

Water workers pay talks resume.

Northern Ireland constitutional talks resume, Stormont Castle.

Widows' charter launched by National Association of Widows.

Mr. Roy Jenkins, European Commission president, speaks at "What the Papers Say" awards lunch, London.

Mr. Helmut Sonnenfeldt, of the Brookings Institution, Washington, speaks on superpower relations in the 1980s, at Commonwealth Institute.

## Today's Events

### PARLIAMENTARY BUSINESS

House of Commons: Debate on East-West relations and the crisis in South West Asia.

House of Lords: Police Negotiating Board Bill, report. Representative of the People Bill, third reading. Protection of Trading Interests Bill, second reading.

Select Committees: Home Affairs. Subject: public order. Witnesses: Home Office, Room 8, 4.30 pm. Treasury and Civil Service. Subject: Efficiency in

the Civil Service. Witnesses: Mr. Paul Channon, Minister for the Civil Service. Room 15, 4.45 pm.

COMPANY MEETINGS  
See Financial Diary on Page 18.

COMPANY RESULTS  
Final dividends: Braid Group, Brentall Beard Holdings, Interim dividends: Ashley Industrial Trust, Cantors, County and New Town Properties, Ellis and Everard, The Midland Trust, Neepsend, Stirling Knitting Group.

LUNCHTIME MUSIC, London  
BBC concert, St John's, Smith Square, Westminster.

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### Welsh Development Agency

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Position \_\_\_\_\_

Address \_\_\_\_\_

Tel: \_\_\_\_\_

FT 180

## BIDS AND DEALS

## Mr. Ferguson Lacey negotiating to buy £40m Lonrho stake

Mr. Graham Ferguson Lacey has confirmed that he is negotiating with Gulf Fisheries, a company owned by Sheikh Nasser, to buy Gulf's stake in Lonrho.

Gulf has made no secret of its wish to sell its 40.6m shares, which amounts to 19 per cent of Lonrho's equity and which have a current market value of £40.5m.

Mr. Ferguson Lacey says that negotiations are likely to be completed, if they are successful, by the end of the week. He is hoping to buy the shares on behalf of one of his private U.S.-based companies.

Meanwhile, National Carbonising, the quoted energy company of which Mr. Ferguson Lacey is chairman, is thought to be buying further shares in Weeks Petroleum on the Australian market. Weeks has a quotation both in Australia and the UK and National Carbonising has a 5 per cent stake in it.

Earlier this month, National Carbonising sold its long-standing stake in London and Scottish Marine Oil.

## ALLIED CHEMICAL BUYS TORIC

Through its automotive products division, Allied Chemical, of the U.S., has purchased Toric Accessories International of the UK and a 50 per cent interest in the Spanish concern, Kilpan-Saspa SA, for an undisclosed amount.

Allied has agreed to purchase the remaining 50 per cent of Kilpan-Saspa on receipt of Spanish government approval. Both companies produce automotive seatbelts.

## TURNER &amp; NEWALL

Turner and Newall has recently sold half of its interest in SA Francalce da Ferodo at approximately the market price, thus reducing its holding in that

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually convened to consider dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**INTERIM—TODAY**

Interiors-Polymer Industrial Trust, Canopus, County and New Town Properties, Ellis and Everard, Estates Property Investment, Midland Trust, Neapagard, Sterling Knitting, Finsbury-Britain Group, Penman Beard, Finsbury-Lumon, Karpow Board,	Jan. 28
Intertek-Tyler	Feb. 5
Crouch Holdings	Jan. 27
Georgian Holdings	Jan. 27
Gaunt (Roland)	Feb. 1
M.L. Holdings	Feb. 1
Haardon Smith Line	Jan. 31
Unitech	Feb. 5
Fisons	Feb. 5
I.O.C.	Jan. 29
Scots Agricultural Industries	Feb. 7
Starling Trust	Feb. 8

**FUTURE DATES**

Interiors-Polymer Industrial Trust, Canopus, County and New Town Properties, Ellis and Everard, Estates Property Investment, Midland Trust, Neapagard, Sterling Knitting, Finsbury-Britain Group, Penman Beard, Finsbury-Lumon, Karpow Board,	Jan. 28
Intertek-Tyler	Feb. 5
Crouch Holdings	Jan. 27
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Gaunt (Roland)	Feb. 1
M.L. Holdings	Feb. 1
Haardon Smith Line	Jan. 31
Unitech	Feb. 5
Fisons	Feb. 5
I.O.C.	Jan. 29
Scots Agricultural Industries	Feb. 7
Starling Trust	Feb. 8

company from 6.8 per cent to 3.4 per cent.

The results for last year include those of Robert Porter, which was sold on March 1, 1978.

## TELBEDDE OFFER CLOSES

The unconditional offer made on behalf of Mr. A. H. Plaskow and Mr. M. Margot for the ordinary shares in Telbedde Bagalls Investments which they and their associates do not already own has closed.

Acceptances have been received in respect of 698,421 25p ordinary shares and 107,810 20p ordinary shares.

## FRIGOSCANDIA ACQUISITION

Frigoscandia, part of the worldwide AGA Frigoscandia group, has bought Jackstone VNU (Overseas-Amsterdam).

Froster, the Grimsby-based freezer manufacturer, together with its subsidiary Turbula, which produces freezer plates and conveyors, from Christian Salvesen (Food Services).

Jacksons Froster last year had a turnover of more than £5m.

**ELSWICK PAYS £0.67M MORE IN TURNER DEAL**

Elswick-Hopper has paid a further £865,000, the agreed maximum, to the original vendors of Turner International (Engineering), with the issue of 3,692 fully paid shares at 18p.

Under the terms of the agreement, of last February, a further £350 was payable for every £1 by which the profits before tax, for the year ended September 30, 1978, exceeded £250,000 subject to a maximum further consideration of £665,000. Turners profits for the period exceeded £440,000.

## SHARE STAKES

Reinisch Investment Trust—Mr. Jacob Rothschild has acquired a non-beneficial interest in 5,401,703 shares.

Fraser-Lucas—Mr. M. J. E. Fraser-Lucas reports the purchase of 290,000 shares on behalf of an overseas settlor in which members of the family have discretionary interests.

Britannia Arrow Holdings—London Trust Holds 10m shares (13.29 per cent).

## FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:

Canada Northwest Australia Oil (Section: Mines-Australia). Selected Market Trust Ptg. Red. Prt. (Trusts, Finance, Land).

VNU (Overseas-Amsterdam).

## McCleery closing acrylic yarn side

The Ulster-based McCleery L'Amie Group is to close its acrylic yarn manufacturing activities because of unacceptable losses. About 180 workers at its factory at Saintfield, near Belfast, will be made redundant.

High bulk acrylic yarn operations under the group's subsidiary, McCleery and L'Amie, have become increasingly unprofitable over the last three years because of overcapacity in this sector and strong competition from Far Eastern manufacturers.

The group said that, as reported in the interim statement last October, it had proved impossible to recover large increases in labour and other costs. Losses in the subsidiary had reached an unacceptable level and future prospects did not justify new capital investment.

About 80 employees at Saintfield were paid off last October as losses mounted. The group says that efforts to find a solution during talks with the Northern Ireland Department of Commerce proved unsuccessful.

Pre-tax profits of the McCleery L'Amie Group in the half year to June 30, 1978, tumbled from £97,000 to £44,000, on turnover of £9.35m (£9.27m).

The directors are confident of

## Assd. Sprayers sees static first half

THE DIRECTORS of Associated Sprayers do not expect first-half trading to show any improvement over last year's results when pre-tax profits were £157,000, says Mr. H. E. Newton-Mason, chairman, in his annual statement.

He explains that autumn 1979 was difficult. The trade was holding exceptionally heavy stocks, there was no television advertising and the weather was unseasonably warm. Inevitably, sales were affected.

Looking further ahead, the directors are confident of the group's competitive vigour and financial strength. Should the country be entering a period of economic difficulty, the group will survive it and emerge relatively stronger than many competitors, the chairman adds.

However, there are grounds for believing that the areas the group serves—gardening and the DIY market—will remain relatively unaffected by any downturn in the economy, he continues. The directors therefore view the future with confidence.

The directors expect a positive profit contribution this year from the garden products business of Kirk-Dyson Design, acquired last December. They are sure it has good growth potential.

Pre-tax profits advanced 56 per cent to £622,833 in the year to August 31, 1979, as reported on December 17. Sales totalled £5.51m (£5.72m). The net dividend is effectively raised to 2.5p on February 27 at noon.

Liquid funds increased

£380,000 at August 31. This figure is unlikely to be matched in 1980, the chairman says, given the investment in hand.

Meeting, Birmingham, on

February 27 at noon.

The year-end creditor level was unusually high because of some heavy capital equipment items invoiced near the year-end.

With the slowing down of sales towards the end of the year, stocks of finished products were much higher than at August 1978. Debtors were well controlled. The year-end creditor level was unusually high because of some heavy capital equipment items invoiced near the year-end.

The chairman says that the profits shown by this method—in line with the interim recommendations of the Accounting Standards Committee—are worse than they really appear. This is due to the effect non-recurring costs have had on profits during the year.

Further substantial capital spending has been approved mainly for new machinery for the Aldridge plant as part of the reorganisation. Expenditure contracted for at year end was £292,000 (£48,701).

At balance date, bank overdraft amounted to £216,000 (£44,741). Bank borrowing increased by £166,268 (£15,921).

## Burco Dean dividend policy

plant has not been completed.

This, coupled with the problems which could arise if the high interest rates do not fall soon, leads Mr. D. M. Dean, chairman, to believe it would be wise to forecast full-year results.

However, he says in his annual statement that the group has been strengthened and should be able to withstand most of the problems which may arise in the future.

Pre-tax profits fell to £1.17m (£1.63m) in the year to September 30, 1979, on turnover of £28.51m, against £27.5m—as reported on December 14. The engineers' dispute cost the group £1.4m in lost turnover, resulting in profits being £350,000 less than expected.

The chairman says that the repayment of the £2m medium-term loan was offset by a similar increase in bank borrowing. The net inflow of funds generated by the rights issue amounted to £1.2m and this has been largely absorbed in increased working capital, caused mainly by industrial action in August and September.

The accounts show that an ex-gratia payment of £24,000 was made to a director during the year.

The chairman said in his preliminary statement that recovery from the engineering dispute had been slow, and the present level of interest rates had led many retailers and distributors to work on lower stock levels. These factors were severely affecting trading in the current half-year.

Sales for the first ten weeks of the current year show an increase of 13%.

Expansion continues with the purchase of established stores, fitting out of new sites and the redevelopment of existing branches.

New corporate image being introduced to develop high street trading.

**Chairman, Mr J B H Martin**  
"looks forward with confidence to the challenge of the 80s."

*Copies of the Annual Report and Employees Review are available from The Secretary, Martin the Newsagent Limited, Martin House, Ashurst Road, Brentwood, Essex CM12 8SF.*

*This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. It does not constitute an invitation to any person to purchase any shares.*

## AURORA HOLDINGS LIMITED

Incorporated in England under the Companies Acts, 1908 to 1917, No. 20171.

480,000 3.85 per cent. Cumulative Preference Shares of £1 each have been admitted to the Official List by the Council of the Stock Exchange.

Particulars of the Company and of the rights attaching to the 3.85 per cent. Cumulative Preference Shares are available in the Extract Statistical Service and copies of such particulars may be obtained during usual business hours for the next fourteen days from:

N.M. Rothschild & Sons Limited, Panmure Gordon & Co., New Court, St. Swithin's Lane, 9 Moorfields Highwalk, London EC4P 4DU.

26th January 1980.

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone: 01-621 1917

£000's capitalised. Company Last Charge Gross Yield % P/E

4,220	Airsprung	73	—	5.2	4.3*
975	Armitage and Rhodes	39	+1	3.8	9.7
6,835	Bardon Hill	227	+2	13.8	8.1
6,282	Deborah Ord	91	+2	5.0	6.7*
6,000	Deborah 17% CULS	350	+1	17.6	5.0
3,652	Ford Motor	142	+2	14.4	5.8
15,602	Frederick Parker	108	+2	12.8	8.4*
2,357	George Blair	106	+1	16.5	15.8
1,550	Jackson Group	82	+2	5.2	3.8*
15,872	James Burrough	115	+1	7.2	8.3
6,250	Robert Jenkins	250	+1	21.2	12.8
3,170	Torday	220	+1	14.4	5.8*
4,888	Trotstock Ind.	226	+1	10.8	5.5*
2,075	Twinklock 12% ULS	76	+1	12.0	15.8
7,182	Unilock Holdings	55	+1	2.6	4.7
10,359	Walter Alexander	82	+1	4.4	5.4
4,317	W. S. Yeates	165	+1	11.5	7.2

\* Accounts prepared under provisions of SSAP 16.

## DELSON

"The considerable upturn in business in the second half of the year has enabled us to finish the year with a pre-tax profit of £142,741 following a very disappointing first half."

Kenneth Frazier, F.C.A., Chairman

## COMPARATIVE FIGURES

	1979	1978
Turnover	£5,937,597	£6,802,594
Profit before tax	142,741	102,223
Profit after tax	140,388	98,259
Dividend per share	1.6p	1.2p
Earnings per share	5.6p	3.9p



# IT PASSES JAGUARS, MERCEDES AND PETROL PUMPS.

Followers of the BMW 7 Series (and it's an easy car to find yourself following) won't believe this.

But we've found no less than 45 ways of improving it.

Cleverest of all, we've made the new BMW 7 Series faster and slower at the same time.

First, all the new BMW 7's have fuel injection.

So they are all faster than ever off the mark.

With a 0-60 mph in 7.3 seconds, the

manual 735i leaves the 12 cylinder Jaguar XJ 5.3 and Mercedes 350SE struggling to keep up.

And all the new BMW 7's are slower to the petrol pump.

Every gallon you buy squeezes a little more out of the nation's fuel resources.

*Motor* was able to get 18.5 mpg from the BMW 735i and only 11.9 mpg from the Jaguar XJ 5.3 and 13.5 mpg from the Mercedes 350SE.

(For the last two, of course, *Motor* had no choice but to use automatics.)

In part, the modest thirst of the BMW 7's is due to the fuel injection, in part because the cars are now lighter.

And, in the case of the 732i, in part because of the remarkable motronic system.

That's a micro-chip computer which can tune the ignition 100 times every second. (A slight improvement on tuning it every 10,000 miles!)

It means the car will always give of its best, whatever the conditions, however you drive it, and however long.

And that still leaves 43 other improvements to appreciate in the new 7 Series. Some big, like the 5 speed gearbox that's now available.

Some small, like the heated door lock. Some thoughtful, like the specially designed dashboard.

But all very welcome changes.

Except to our friends at Jaguar and Mercedes.



**THE ULTIMATE DRIVING MACHINE**

## INTERNATIONAL CAPITAL MARKETS

## INTERNATIONAL BONDS

## New softness in hard currencies

**THE DOLLAR** sector of the bond market came alive on Friday at the end of what had been a very sleepy week as straight dollar bonds posted falls of up to two points on the day in the wake of renewed fears of a sharp rise in U.S. interest rates. (See U.S. bonds.)

The lack of interest displayed by investors in acquiring any dollar paper, is not, however, leading them into buying hard currency bonds in any quantity. True, the second ever public issue denominated in Norwegian krone, NKR 100m ten-year issue carrying an indicated coupon of 10½ per cent, was announced for the City of Oslo and was

reportedly selling well. Bankers know, however, that Ministry of Finance in Oslo has no intention of granting banks permission to issue such bonds, other than on a highly selective basis.

A Norwegian krone sector is therefore unlikely to develop.

Meanwhile, the Deutsche-mark and Swiss franc sectors are not looking too healthy at present. Falls of about 2½ points were posted in Swiss franc bonds last week and Swiss bankers are predicting further falls. They point to the inverted yield curve which is developing on different forms of Swiss franc instruments: thus investors can buy three-month Swiss Govern-

ment paper which offers a yield of 5.22 per cent.

At the same time the coupon on eight-year Swiss bank cash bonds will be increased from 4.25 to 4.50 per cent today and 12-year Swiss Government bonds are still yielding around 4.50 per cent.

Yields available on foreign Swiss Franc bonds, meanwhile, present a confused picture. Thus the 4½ per cent bond for Nippon Telephone to 1989 yields 6.08 per cent while a similar maturity 5 per cent bond for Philips Lamp offers a return of 5.03 per cent. Even allowing for the household nature of the Phillips name,

bankers cannot explain the size of differential.

Swiss bankers are agreed that the Swiss inflation rate and interest rates will go up. They argue that many investors, not least Swiss, have yet to realise that the country had "joined the inflationary group of countries." Hence investors continue to buy bonds, attracted by the steadily rising coupons offered by borrowers.

Borrowers,

meanwhile, are piling in, before interest rates and coupons reach new highs. Despite the success of the second tranche of "Carter bonds" last week, the German foreign bond market is not witnessing any rush of funds from foreign investors. Speculative flows are concentrating on the

## RECYCLING

## BY NICHOLAS COLCHESTER

## Who will borrow what

PERHAPS YOU thought the group of OPEC countries was the largest net depositor of funds in the international banking system? Wrong: Switzerland is, with net deposits in June, 1979, of over \$800m. Perhaps you thought that Brazil was the largest net bank borrower? Wrong: Japan is, with net debt at the same date of \$25bn and Brazil running it a close second.

These, and other strange revelations come from the latest Amex Bank Review which attempts to quantify sources and uses of funds in the Euro currency market and to project them to the end of the current year.

The explanations for the Swiss pre-eminence is that funds lodged in trustee accounts in Switzerland by depositors all over the world, including OPEC, are treated as Swiss money in international banking

statistics. Amex Bank explains that Japan emerges as such a heavy Euromarket borrower because its large current account deficit is financed in dollars rather than by a build-up in the yen holdings of other countries.

Both these observations apply to the "broadly defined Euro-market," which includes the offshore deposits and loans of banks in the U.S. and in the offshore banking centres. Statistics here are imprecise, so the bulk of Amex Bank's analysis concerns the non-domestic loans and deposits of banks in the European reporting area. The table thus ignores the flows of funds which bypass Europe, such as direct lending by U.S. banks to the third world.

Amex Bank's chief projections are:

- Excluding the contribution via Switzerland, OPEC will supply funds directly to Euro-

market banks of \$24bn, net of new borrowing, in 1980 compared with a net flow of \$10bn in 1979 and net borrowing of \$8bn in 1978. OPEC will thus end up with net deposits (sources minus uses) in the table of \$85bn. Part of the reason for the large rise will be OPEC's reluctance to place funds directly in the U.S.

- The impact of the \$70bn current account deficits forecast by Amex for the non-oil less developed countries (LDCs). In 1980 will be a demand for an extra \$20bn in loans from banks in Europe and a reduction of \$30bn in their deposits with those banks. In addition, and not included in the table, will be additional loans of \$12bn from off-shore banking centres.

Amex Bank illustrates the impact of these demands on European banks by pointing out that non-oil LDCs had virtually no net debt with European banks in June 1979 — their loans were almost matched by deposits — but that by the end of this year their net indebtedness will have increased to

market banks of \$24bn, net of new borrowing, in 1980 compared with a net flow of \$10bn in 1979 and net borrowing of \$8bn in 1978. OPEC will thus end up with net deposits (sources minus uses) in the table of \$85bn. Part of the reason for the large rise will be OPEC's reluctance to place funds directly in the U.S.

- European countries will borrow a substantial \$29.4bn on the Euromarkets in 1980, roughly double last year's figure, but mainly because of Switzerland, the European area will deposit an additional \$54bn with Eurobanks, thus remaining a large net depositor with the market.

The markets had been uneasy

for some days because of events in South-West Asia. But the downward break was triggered by President Carter's State of the Union address on Wednesday. The tough stand he took against Soviet expansion into Afghanistan was read by the markets as presaging another era of high defence spending, hence soaring government deficits and inflation, and artificially sustained economic growth.

In fact, many economists pointed out that this "cold war" market was unlikely to evolve quickly because of the long lead-times in defence spending. But speculators needed little encouragement to sell; and Thursday went down as one of the worst days in recent memory. Many long bonds lost as much as two

points in hectic trading conditions.

That was not the end of the bad news. The money supply figures were far worse than had been expected: M1 was up \$1bn and M2 rose by \$2.5bn. The economy continued to show strength with a 0.6 per cent rise in durable goods orders for December, with the consumer price index spurring 1.2 per cent, bring the total for 1979 to 13.3 per cent.

Last week brought a slide in prices comparable to the one that followed the Fed's October 6 credit package. And with most major long-term bond issues now trading four or five points below their level two weeks ago, yields in many sectors are back at record highs.

The striking feature of the market, though, is that most of the movement is occurring at the long end. Short-term rates have been relatively stable, mainly, it would seem, because the Fed is trying to accommodate their prime rates back to 13½ per cent, where most of their brethren had, during the brief decline at the end of last year. Their action seemed to symptomize the new expectation that rates are back on the

Source: Amex Bank

## FT INTERNATIONAL BOND SERVICE

## U.S. DOLLAR

	Issued	Bid	Offer	Change on day	week	Yield
AICOS of Australia	10.69	87.75	87.75	-0.00	+0.00	12.22
Alcatel of France	9.81	91.50	91.50	-0.00	+0.00	11.50
Austalines Can.	11.45	90.50	90.50	-0.00	+0.00	12.88
Australian Res.	9.45	92.40	92.40	-0.00	+0.00	12.54
Avco O/S Cap.	10.37	90.00	90.00	-0.00	+0.00	12.59
Beneficial Fin.	9.87	100.00	86.60	-8.60	-1.23	12.61
CECA Grand Ratio	12.86	90.00	90.00	-0.00	+0.00	12.61
CFC 9.99	9.99	100.00	100.00	-0.00	+0.00	12.62
Canadian Pacific	9.85	86.00	86.00	-0.00	+0.00	12.62
Carter Hawley	9.85	89.00	89.00	-0.00	+0.00	12.62
Continental Grp.	9.85	87.00	87.00	-0.00	+0.00	12.57
Compaq Patrouille	10.54	90.00	90.00	-0.00	+0.00	12.57
Dominion Bond	9.85	90.00	90.00	-0.00	+0.00	12.58
EIB 11% 92	100.00	92.00	92.00	-0.00	+0.00	12.65
EIB 10.99	100.00	81.00	81.00	-0.00	+0.00	12.73
EIB 10% 87	100.00	83.00	83.00	-0.00	+0.00	12.73
EIB 10.15 85	100.00	83.00	83.00	-0.00	+0.00	12.81
Ekopoint 11% 87	100.00	90.00	90.00	-0.00	+0.00	12.81
Exxon Corp.	9.81	90.00	90.00	-0.00	+0.00	12.81
Export Inv. Co.	9.81	90.00	90.00	-0.00	+0.00	12.81
Finland 9% 88	100.00	91.00	91.00	-0.00	+0.00	12.81
GTE Finance	9.85	87.00	87.00	-0.00	+0.00	12.81
GNAC 9% 85	100.00	87.00	87.00	-0.00	+0.00	12.81
Gulf Int. Fin.	9.85	85.00	85.00	-0.00	+0.00	12.81
ITT Amillas Fin.	9.85	75.00	75.00	-0.00	+0.00	12.81
Kennecott	9.85	86.00	86.00	-0.00	+0.00	12.82
Manitoba 9% 85	100.00	83.00	83.00	-0.00	+0.00	12.82
Mitsubishi Fin.	9.85	85.00	85.00	-0.00	+0.00	12.82
Nat. Gas. Trans.	9.85	85.00	85.00	-0.00	+0.00	12.82
New Brunswick	9.85	85.00	85.00	-0.00	+0.00	12.82
Newfoundland	10.84	90.00	90.00	-0.00	+0.00	12.82
Norges Komm.	9.75	90.00	90.00	-0.00	+0.00	12.82
Nordic Sav. Fin.	9.85	85.00	85.00	-0.00	+0.00	12.82
New Zealand	9.75	85.00	85.00	-0.00	+0.00	12.82
Nippon Koku	9.85	100.00	95.00	-5.00	-0.00	12.82
Nippon Tel. & T.	9.85	90.00	90.00	-0.00	+0.00	12.82
Norges Komm.	9.81	100.00	95.00	-5.00	-0.00	12.82
Orbita Leasing	9.85	85.00	85.00	-0.00	+0.00	12.82
Pennwalt O/S F.	9.85	85.00	85.00	-0.00	+0.00	12.82
Pepaco Corp.	9.85	100.00	95.00	-5.00	-0.00	12.82
Quaker Oats	9.85	85.00	85.00	-0.00	+0.00	12.82
Sears Rockwell	8.82	100.00	87.00	-3.00	-0.00	12.82
Statoil	9.85	100.00	85.00	-15.00	-0.00	12.82
Sweden 9% 88	100.00	85.00	85.00	-0.00	+0.00	12.82
Sweden 9% 89	100.00	85.00	85.00	-0.00	+0.00	12.82
Tokyo Elect. Pow.	9.85	100.00	85.00	-15.00	-0.00	12.82
World Bank 7% 91	100.00	95.00	95.00	-0.00	+0.00	12.82
World Bank 7% 90	100.00	97.00	97.00	-0.00	+0.00	12.82
Average price changes...		On day -0%	on week -1%			

## DEUTSCHE MARK

	Issued	Bid	Offer	Change on day	week	Yield
African Dev.	8.85	97.00	97.00	-0%	+0%	8.33
Argentine 7% 85	100.00	81.00	81.00	-0%	+0%	8.37
Asian Osv. 9% 74	100.00	82.00	82.00	-0%	+0%	8.37
Brazil 8% 87	100.00	90.00	90.00	-0%	+0%	9.00
BNDE 5.87	100.00	90.00	90.00	-0%	+0%	9.00
CECA 7% 91	100.00	92.00	92.00	-0%	+0%	9.52
Council of Eur. 7% 88	100.00	95.00	95.00	-0%	+0%	9.63
EIB 7% 85	100.00	95.00	95.00			



This announcement appears as a matter of record only.

# لبنان

## UNION DE BANQUES ARABES ET FRANÇAISES — U.B.A.F.

US \$ 65,000,000

Floating rate notes due 1990

## CREDIT LYONNAIS

ARAB AFRICAN INTERNATIONAL BANK - CAIRO

ARAB BANK INVESTMENT COMPANY LIMITED

FIRST CHICAGO LIMITED

LIBYAN ARAB FOREIGN BANK

ABU DHABI INVESTMENT COMPANY

AMERICAN EXPRESS BANK INTERNATIONAL GROUP

BANKERS TRUST INTERNATIONAL LIMITED

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

CREDIT COMMERCIAL DE FRANCE

KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.

NOMURA EUROPE N.V.

SANWA BANK (UNDERWRITERS) LIMITED

SOCIETE GENERALE DE BANQUE S.A.

Alahli Bank of Kuwait (K.S.C.)

Albahrain Arab African Bank (E.C.)

Algemene Bank Nederland N.V.

Al Saudi Banque

Arab Financial Consultants Company S.A.K.

Banque Hasey Sturt Shelds Incorporated

Banca Commerciale Italiana

Banca del Gottardo

Banca di Roma

Bank of America International Limited

Bank Leu International Ltd.

Banque Arabe et Internationale d'Investissement (B.A.I.)

Banque Bruxelles Lambert S.A.

Banque Intercontinentale Arabe

Banque Internationale à Luxembourg S.A.

Banque Louis-Dreyfus

Banque Nationale de Paris

Banque Privee de Gestion Financiere

Banque de l'Union Europeenne

Banque Worms

Barclays Bank International Limited

Bayerische Hypoherund Wechsel-Bank

Aktiengesellschaft

Bayerische Landesbank Girzentrale

Bergen Bank

Berliner Handels- und Frankfurter Bank

Caisse Centrale des Banques Populaires

Centrale Rabobank

Chicorp International Group

Credit Agricole

Credit Chimique

Credit Industriel et Commercial

Del-Achi Kangyo Bank Nederland N.V.

Diala Europe N.V.

Richard Daus &amp; Co. Bankers

Den Danske Bank af 1871 Aktieselskab

Den norske Creditbank

DG BANK Deutsche Genossenschaftsbank

Dillon, Read Overseas Corporation

Goldman Sachs International Corporation

Gulf Riyad Bank E.C.

Hambros Bank Limited

Istituto Bancario San Paolo di Torino

Kidder, Peabody International Limited

Kredietbank S.A. Luxembourg

Kuwait Financial Centre S.A.K.

Union Mediterranee Banques

Westdeutsche Landesbank Girzentrale

Dean Witter Reynolds International

Kuwait Foreign Trading Contracting &amp; Investment Co. (S.A.K.)

Kuwait International Finance Co. "KIFCO"

Lloyds Bank International Limited

Manufacturers Hanover Limited

Morgan Grenfell &amp; Co. Limited

National Bank of Abu Dhabi

The Nikko Securities Co., (Europe) Ltd.

Nippon Credit International (H-K) Ltd.

Nippon Europe Bank S.A.

Nordeutsche Landesbank Girzentrale

Salomon Brothers International

Scandinaviska Enskilda Banken

Smith Barney, Harris Upham &amp; Co.

Incorporated

Societe Centrale de Banque

Sumitomo Finance International

The Taiyo Kobo Bank (Luxembourg) S.A.

Trade Development Bank London Branch

UBAE-AR Italian Bank

UBAF Bank Limited

Urban-Arab Japanese Finance Limited

Union Bank of Finland Ltd.

Union de Banques Arabes et Européennes S.A.-UBAE

Union Mediterranee Banques

Westdeutsche Landesbank Girzentrale

Dean Witter Reynolds International

Kuwait Foreign Trading Contracting &amp; Investment Co. (S.A.K.)

January 9, 1980

(Advertisement)

## DKB'S ECONOMIC JOURNAL

January 1980: Vol. 9 No. 1

### Pace of Japan's business growth in 1980 will dull from more credit curbing

## Anxiety about Japan's economy 1980

Three factors are likely to determine the state of Japan's economy in 1980. They are: (1) the oil situation, (2) the world economy, and (3) steps the Japanese Government may take to run the economy.

**Oil:** In light of the current state of the world economy, the possibility exists that the tight supply conditions may be eased in the new year.

However, the possibility also exists that there will be another price hike in 1980, considering the unstable situations of oil producing nations in the Middle East and the increasingly protectionist attitudes being taken by practically all petroleum exporting nations.

**World Economy:** Practically all countries in the world are being plagued by inflation, although its seriousness differs from one country to another.

Under the circumstances, every country will, in all probability, tighten the money supply and the world's tempo of economic growth will slow down considerably.

**Government Policy:** As seen in the budget draft being formulated for fiscal 1980 (to begin in April), the government is expected to continue its stringent fiscal policy with emphasis on the recovery of balance in the national treasury.

Therefore, the possibility that fiscal policy may stimulate the economy should be completely ruled out.

It is also expected that the government will continue to take its tight money policy at least throughout the first half of 1980, considering the current movements of prices in Japan.

In short, it is expected that the tempo of Japan's economic expansion will slow noticeably, although business conditions will not abruptly worsen in the new year.

Following are brief comments on some important aspects of the Japanese economy in 1980:

**Public Expenditures:** As already noted, it is not expected that government expenditures and investments will play an active role on the economy.

**Exports:** Although the tempo

of growth of the world economy will slow considerably, it is expected that Japan's exports will continue to increase, due primarily to the weakened position of the yen on international currency markets and the drive for exports under the worsening domestic market conditions.

**Imports:** Because of stagnating domestic demand, import volumes would not show as high a rate of rise as in 1979, and receipts from abroad on the country's social account will contribute more toward growth of gross national product in real terms.

**Private sector**

**Personal Consumption:** Personal income will rise by about the same rate as in 1979 or only increase slightly. This is based on a belief that although the rate of wage hike will be considerably higher than the 6 per cent of 1979, various allowances, including the traditional mid-year and year-end bonuses, will not show any substantial rise, considering current business performances.

**Business performances**

In the latter half of fiscal 1979 ending in March, the majority of businesses will show declines in profits but profits to be reported by them still will be at a high level.

However, business performances in fiscal 1980 would not continue to show rises as encouraging as in fiscal 1979, because of the worsening economic conditions.

Under the circumstances, the employment situation will cease to improve and it may deteriorate.

**Balance of Payments:** With rises in exports and slow import increases, deficits on the current balance would be substantially reduced, provided that there is no major hike in crude oil prices.

**Prices:** Although prices largely depend upon price movements of crude oil, it is expected that some stability will be brought about with the weakened position of the yen and the balance of payments situation. In other words, the pace of wholesale price increases will slow.

However, consumer prices will show an entirely different movement from 1979, reflecting increases in wholesale prices and hikes are planned for public fares.

The possibility cannot be ruled out that increases in consumer prices will be at nearly the same rate as income.

**Inventory Investments:** Under the business and money situations aforementioned, it is easy to predict that manu-

facturers and distributors will continue to be extremely cautious about stockpiling.

All in all, the tempo of growth of domestic demand will significantly slow down as opposed to a firm tone maintained throughout 1979. On the other hand, exports are anticipated to rise at a higher rate.

If there is no major increase in oil prices in 1980, the pace of wholesale price rises will slow down toward the year's end, and there will probably be a switch in economic policy.

It should also be noted that so-called frictions might be a serious problem in Japan's trade because Japanese exports are expected to increase under the generally stagnant economic situations of the world.

**Money supply**

The natio's monetary situation as a whole seems likely to tighten in the new year. As far as corporate financing is concerned, the new year's money demand is expected to calm down as a whole, as a rise in demand for funds to settle imports of higher price crude oil will be offset by an anticipated slowdown in demand for corporate investments.

Money supply to corporations is likely further to tighten in the new year because the Bank of Japan is expected to keep its tight money policy measures intact in an attempt to dampen upward commodity price trends.

The money market also is expected to continue on a tight tone, reflecting the government's enforcement of its tight money policy measures. Interest rates thus are likely to continue on a firm tone throughout the new year.

No optimism is warranted for the bond market in the new year, because a large volume of government bonds is expected

to be issued as in 1979. The government thus is requested to implement proper measures to stabilize the government bond market in 1980.

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are indicated for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

**DIVIDEND & INTEREST PAYMENTS**

**Final:** British Gas Corp. Dividend 5%.

**Interim:** British Gas Corp. Dividend 5%.

**Dividends:** British Gas Corp. Div

## INSURANCE

**Protection for staff working overseas**

BY OUR INSURANCE CORRESPONDENT

DESPITE THE present low level of British industrial and commercial activity, it does seem that an ever-increasing number of Britons are being sent abroad on missions of varying lengths. I am surprised to find, chattering in my acquaintances who get sent either and whether how little many of them know about the insurance protection that has (or has not) been arranged.

Lock of adequate staff communications may be the prime reason, but in some cases my guess is that the employers concerned have not thought through the need for proper protection for their employees and their families, or indeed for the organisation itself.

The organisation needs cover just as it does at home to protect itself against loss of key, or near key, staff, whether by death or disablement and, particularly abroad, against medical expenses incurred on employees behalf. And it needs protection against the extra travel expense which will incur if an employee has to return home and another be sent out — or both.

Moreover, it is not only the overseas employee's life and health that must be considered — unforeseen family events may occur which require an employee's early return or replacement. Indeed, it is often a matter for debate (which can only be resolved having regard to the particular circumstances) whether the organisation is at greater risk if the employee on a long tour of duty leaves some, or all, of his family at home, or takes some, or all, with him.

The organisation can insure the various financial risks either on a group basis covering all employees, or in respect of particular individuals. Probably the best plan is to take a group policy of wide financial scope, to cover short and medium period trips, (say up to six months) to Lloyd's brokers.

**Historic gatehouse is saved**

THE Madeley Court Gatehouse at Telford, one of Shropshire's leading architectural attractions, is to be preserved. Telford Development Corporation is to share with the Historic Buildings Council the cost of restoring the gatehouse, which has deteriorated to near the point of collapse.

Mr. Les Sparks, the corporation's Seven Gorge projects manager, said: "The gatehouse

**THE STATE OF PARANA  
STATE FINANCE DEPARTMENT**COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL  
COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEEL

Invitation to Suppliers of Electric and Electronic Materials and Equipment

## SECOND DISTRIBUTION PROJECT OF COPEL

LOAN No. 1721—BR

I—COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL, established in the State of Paraná, Brazil, has obtained a loan from World Bank (IBRD), in various currencies equivalent to US\$ 109,000,000.00 (one hundred and nine million US dollars), and proposes to apply these loan funds to the financing of a part of the expansion plan of its sub-transmission and distribution system comprising the period from 1980 to 1983.

II—COPEL will utilize the services of COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEEL, in the procurement of related materials and equipment.

III—During the next twelve (12) months COPEL will issue invitations for international bidding for the supply of equipment, materials and services which are grouped in the following BIDS:

BID No.	DESCRIPTION	APPROX. QUANTITY
1	Aluminum Conductors ACS	4,200 tons
	Aluminum Conductors ACSR	3,100 tons
	Insulated Aluminum Conductors	6,500 km
	Insulated Copper Cable	70 km
	Bare Copper Cables	110 tons
	Galvanized Steel Cables	320 tons
2	Single-phase Polyphase and Demand Meters	415,000 units
3	Power and Grounding Transformers at 230 KV, 138 KV, 69 KV	2,120 MVA
4	Distribution Transformers at 34.5 KV/220/127 V and at 13.8 KV/220/127 V	410 MVA
5	Protection Equipment:	
	—Circuit Breakers	140 units
	—Sectionalizer Switches	3,500 units
	—Potential Transformers	210 units
	—Current Transformers	910 units
	—Discharge Counters	220 units
6	Control Equipment:	
	—Reclosers, Voltage Regulators and Capacitors	3,200 units
7	Relays	various
8	Lightning Arresters	33,000 units
9	Fuse and Sectionalizers Switches	42,000 units
10	Transformers for Metering Sets and Instruments	30,200 units
11	Insulators	91,000 units
12	Equipment for Maintenance of Energized Lines	various
13	Oil Purifying Sets	2 secs
14	Equipment for metering, Phisicochemical and Electrotechnical Laboratories	various

IV—These invitations will be complemented by notifying the diplomatic representatives in Brazil of the World Bank member countries and of Switzerland, at the time the corresponding bidding documents for each bidding are ready.

V—Meanwhile, the suppliers and manufacturers who wish to be included in the suppliers list to receive the invitations above mentioned, must express in which bid or group of bids they are interested to participate, by writing to the following addresses:

COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL

At.: Superintendência de Suprimentos

BR-116, km 396 - Trevo do Atuba

Caixa Postal 318

80000 - CURITIBA - PARANÁ - BRASIL

or to:

COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEEL

At.: Coordenador de Compras

Av. Rio Branco, 135 13º andar

Caixa Postal 883

ZC-00 RIO DE JANEIRO - CEP 20000 - BRASIL

These letters will be received up to and including two months from the date of this advertisement, and all the letters will be included in the bid mailing list.

**Business in Parliament**

TODAY

COMMONS—Debate on East-West relations and crisis in South West Asia.  
LORDS—Polico Negotiating Board Bill, report. Representation of the People Bill, third reading. Protection of Trading Interests Bill, second reading.

SELECT COMMITTEES—Home Affairs. Subject: public order. Witnesses: Home Office (4.30 pm, Room 8). Treasury and Civil Service. Subject: Efficiency in the Civil Service. Witnesses: Peter Channon Minister for the Civil Service (4.45 pm, Room 15).

COTTON—Supply day debate on gas prices until 7 pm. Guillotine motion on Education (No. 2) Bill. Residential Homes Bill (Lords), second reading. Various consolidation measures. Motion Income Tax (Excess Interest as Distributions) Order.

LORDS—Reserve Forces Bill, third reading. Criminal Justice (Scotland) Bill, committee.

WEDNESDAY

COMMONS—National Heritage Bill. Motions on Provision of Milk and Meals (Amendment) (No. 2), Regs. and Milk and Meals (Education) (Scotland) Regs.

LORDS—Debate on price increases for gas and electricity. Short debate on policy to abolish restrictive practices in distribution and sale of reading lenses and spectacle frames.

SELECT COMMITTEES—Foreign Affairs. Subject: FCO organisation. Witnesses: Foreign Office (10.30 am, Room 15). Industry and Trade. Witnesses: Sir William Barlow, Chairman of Post Office (10.45 am, Room 16). Public Accounts. Subject: Stocktaking procedures of MOD depots. Witnesses: Ministry of Defence (4 pm, Room 16). Energy. Subject: New nuclear power programme. Witnesses: David Howell, Energy Sec. (4.30 pm, Room 8). Social Services. Subject: Perinatal and neonatal mortality. Witnesses: Medical Research Council, Prof. K. Cross, Prof. E. Symonds (4.30 pm, Room 6).

THURSDAY

COMMONS—Debate on agriculture and pollution.

LORDS—Petroleum Revenue Tax Bill (Money), third reading. Motion on European Communities (Definition of Treaties) Order. Short debate on metrication.

SELECT COMMITTEES—Agriculture. Subject: Implications of Common Agricultural Policy for milk and dairy products (11 am, Room 16).

FRIDAY

COMMONS—Private members motions.

**APPOINTMENTS****Changes at Alexander Howden**

Mr. R. W. Gardner, Mr. R. J. Goward, Mr. R. W. Larkin and Mr. W. Leach have been appointed managing directors of ALEXANDER HOWDEN insurance brokers. Mr. R. A. Coats has been elected a deputy chairman from Mr. F. R. Tritton and has been appointed director.

MERCANTILE HOUSE HOLDINGS has made the following appointments from February: Mr. G. Salter, who is based in New York, and Mr. C. J. N. Kelso, Mr. P. Pearce and Mr. R. H. Smith assistant directors of M. W. Marshall and Co. Mr. F. J. Naughton will be a director of Marshalls (Ireland).

Mr. D. G. Bell has been appointed an assistant director of BELLEVUE, PARRY AND RAVEN.

UKR FERTILISERS has made the following appointments: Mr. Hugh le Bourdillier personnel director, Mr. John Coleman finance director, Mr. James Cooper marketing director and Mr. Richard Tabor sales director. Mr. Cooper has also been appointed an executive director of the UKF Fertilisers Board.

Mr. Jack Lynch, former Teachta of the Republic of Ireland, has been elected to the Board of JEFFERSON SMURFIT GROUP.

Mr. E. E. Smith and Mr. T. G. Harle have been appointed directors of J. AND A. SCRIMGEOUR, corporate members of the Stock Exchange.

Mr. Alan Humphries has been appointed sales director of NORMAN FORD AND ELLIOTT following the retirement of Mr. Tom Ford.

Mr. Roger W. Brittan has become a director of TOUCHE, REMNANT AND COMPANY.

Mr. Daniel Cohen has been appointed financial director and controller of SACCOME AND SPEED.

As part of a reorganisation within the manufacturing division of the B. ELLIOTT GROUP, Mr. Neil D. Chrisman, a senior vice-president of MORGAN

has been appointed to the Board of CARAVANS INTERNATIONAL as a non-executive director.

Mr. Rowland Walter Rowland, Sir Hugh Fraser, Mr. Harry Robinson and Mr. James Grossman (alternate to R. W. Rowland) have been appointed directors of the DUTTON-FORKSHAW GROUP.

Mr. D. S. Hay, an agricultural division deputy chairman, has been appointed ICI's general manager, commercial, from March. He succeeds Mr. R. C. Hamper, who has become chairman of plants division. Mr. D. Westbrook has been appointed financial director.

Mr. Peter J. Duff has been appointed to the Board of CARAVANS INTERNATIONAL as a non-executive director.

**Autopistas del Atlantico**

Concesionaria Española, S.A.

Kuwaiti Dinars 5,000,000

8½ per cent. Guaranteed Notes due 1985

Option to redeem on 1st July, 1980

Notice is hereby given that, under Condition 4(B) of the Notes, the holder of any of the above mentioned Notes may, at all or, in the case of Notes in the denominations of KD. 10,000 and KD. 100,000, part (being an integral multiple of KD. 1,000) of his Note redelivered by the Company at 100 per cent. on 1st July, 1980. To exercise this option, Notes to be redeemed must be deposited by the holder with the Fiscal Agent or either of the Paying Agents at the addresses specified below at any time between 1st February, 1980 and 29th February, 1980 (both dates inclusive).

Once deposited Notes may not be withdrawn without the consent of the Company and where partial redemption of KD. 10,000 or KD. 100,000 Note is required, such Note should first be exchanged for Notes of the appropriate denominations under Condition 1n.

Fiscal Agent:  
Kuwait International Investment Co. s.a.k., Al Sabah Commercial Complex (5th floor, entrance No. 1), Nr. The Meridien Hotel, Kuwait.

Paying Agents:  
Kreditbank S.A. Luxembourgoise, 37 Rue Notre Dame, Luxembourg.  
Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN, England.

Kuwait International Investment Co. s.a.k.  
Fiscal Agent.

January, 1980.

**Secretary of John Brown**

Mr. C. G. Roper has been appointed secretary of JOHN BROWN AND COMPANY. Mr. John Brown, the son of Mr. Alan Marsh, who is leaving to take another appointment.

Mr. Edward F. Maynard has joined the MANSON BYNG GROUP, Lloyds and international reinsurance brokers, as a director.

Mr. Ken Jamieson has been appointed managing director of ELEGORUM DATA, the UK subsidiary of Elegorum. The Data Holdings, which is the European arm of the Paris-based company, has made the following appointment: Mr. A. J. West, managing director; Mr. D. L. Rose, sales and marketing director; and Mr. R. H. J. FitzHerbert, contracts director.

Mr. George Murray, the present company secretary of PLEASURAMA, has been appointed a director and will become chief executive of the group.

Mr. Ian C. E. Telfer has been appointed to the Board of ALEXANDER, HUGHES & ASSOCIATES (UK).

Mr. Allister McLeish has been appointed finance director in

At REVERTER CHEMICALS

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At REVERTER CHEMICALS

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In September 1979, Compagnie Générale d'Electricité granted Legrand an option to purchase 80% of the capital of Arnould-F.A.E., a subsidiary specialised in the electrical installations equipment.

This option has been taken up, and Legrand now controls 80% of Arnould-F.A.E.; the remaining 20% has been retained by C.G.E.

The provisional consolidated turnover of Legrand and of the French and foreign subsidiaries controlled in 1979 — i.e., not including Arnould-F.A.E. — reached approximately Frs. 1,480m, showing an increase of more than 22%, corresponding to the forecast announced during the second half of the year.

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MEMBER OF THE INTERALPHA GROUP OF BANKS

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**NIGERIAN PORTS AUTHORITY****TENDER FOR THE PURCHASE OF M.V. "OLATEJU"**

1. Tenders are invited from interested individuals and organisations for the purchase of the vessel M/V "Olateju".

2. The following are the particulars of the vessel:—

(i) Motor vessel: "Olateju"

ex Davies

## Recovery for German steelmaker

By Kevin Done in Frankfurt

**THYSSEN**, West Germany's largest steel producer, is to pay an unchanged dividend for the year ended September 1979, of DM 4 per share, following a sharp rise in profits.

Consolidated sales of the Thyssen group worldwide grew by 8 per cent to DM 25.4bn (\$14.6bn), and after-tax profits jumped to DM 167m compared with DM 105m. However, this still leaves the group substantially short of the profit levels charted in the mid-1970s when an after-tax return of DM 275m was achieved for 1975-76.

Favourable sales figures were shown in most of the company's activities last year, with the exception of the capital goods manufacturing division.

The fastest-growing part of this highly diversified group remains the trading sector, which achieved a 16 per cent sales increase to DM 13.2bn. Steel sales increased by 7 per cent to DM 7.8bn, despite shortfalls in production resulting from the six-week steel strike.

## Fresh move in IBM anti-trust suit

By STEWART FLEMING IN NEW YORK

**THE U.S. Justice Department** is planning a further meeting with International Business Machines, the world's largest computer company, in an effort to reach an out-of-court settlement of the Government's 10-year-old anti-trust case.

Mr. Benjamin Civiletti, the U.S. Attorney-General, disclosed that three previous sessions with the company had "made progress" towards agreements on the terms and conditions of negotiations, and the timetable and agenda for the meetings.

But he said that no date had yet been scheduled for the next meeting, although both sides continued to make exchanges.

He added that the Justice Department trial team had been told that it could have any of the department's resources necessary to expedite the litigation, and that it was extremely important that the IBM litigation "not be delayed by any lack of attention, focus or determination."

The suit, which has attracted criticism because of the inconclusive nature of the protracted legal battle, is potentially of major significance for IBM. Some analysts say that it will end without IBM having to divest any major portions of its business. Others argue that the divestiture of a division may be the price of ending the suit.

IBM has won several private anti-trust actions brought by the suit, which has attracted criticism because of the inconclusive nature of the protracted legal battle, is potentially of major significance for IBM. Some analysts say that it will end without IBM having to divest any major portions of its business. Others argue that the divestiture of a division may be the price of ending the suit.

## Fiat carburettor unit in U.S. joint venture

By RUPERT CORNWELL IN ROME

**WEBER**, the components subsidiary of the Fiat car group, has formed a joint venture in the U.S. with the American ACF group to produce more than 1m single and double-barrel carburetors a year.

The new enterprise will carry out production in ACF's Carter division plants at Hickory and Stamford in North Carolina. These will be entirely made over to the joint venture, to be called Carter Weber. Weber has already concluded a licensing agreement with Ford of the U.S. for the latter

to manufacture at least 3m Weber carburetors to mount in its new Erika model. But the latest move will for the first time give Weber a direct producing presence on the American market.

Weber employs around 6,000 people in Europe and South America. It produces a wide range of carburetors, aimed at coupling high performance with low fuel consumption. ACF has a turnover of \$800m (slightly less than Weber) and a workforce of 14,500 at its U.S. plants.

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## Increased earnings at Sandoz

By John Wicks in Zurich

**HIGHER PROFITS** are reported by the Swiss pharmaceuticals company Sandoz, for 1979 following a sales increase of 3.4 per cent, or 10 per cent in terms of local currencies.

According to a letter to shareholders, sales improved from SwFr 4.4bn (\$2.77bn). However, this is still considerably below the 1977 peak of SwFr 4.77bn.

Exchange rate considerations made for a loss of sales revenue amounted to some SwFr 250m in 1979, the figure being of about SwFr 1bn. In terms of local currencies, group turnover is said to have risen by 10 per cent last year.

The more stable currency situation and continued "implementation of appropriate measures" have meant a rise in profits of both the Basle parent undertaking and of the group as a whole. In 1978, net group earnings dropped from SwFr 214m to SwFr 186m, with those of the parent company remaining almost unchanged at SwFr 78m.

The pharmaceuticals division, the group's biggest single activity, booked a turnover increase of 3.5 per cent in Swiss franc terms and 9 per cent in local currencies. Sales of dyes rose by 8.5 per cent and 15 per cent respectively. In the previous year, pharmaceutical turnover had declined by 9.2 per cent to SwFr 2.07bn of the group total and that of the dyestuffs division by 14.8 per cent to SwFr 1.07bn.

Elsewhere, the agro-chemicals division improved sales by some 10 per cent in Swiss franc terms, or 24 per cent in local currencies, while seeds booked a 7 per cent rise in local currencies, though Swiss franc sales were rather below 1978 levels.

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given to the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus \*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily bear at the amounts or rates per cent shown in the column headed "Announcement last year".

	Announce- ment last year	Date announced	Amount per cent last year
Anglo Amer. Soc. Corp. ....	Feb. 14	Soc. Int. 2.3	Guinness Fact. Feb. 2 Int. 2.25
*Associated Dairies ...	Jan. 30	Int. due	Hardy (Purifiers) Feb. 2 Int. nil
*BAT Inds. ....	Jan. 30	Int. 4.8%	Shanghai Bk. Feb. 22 Final N\$10.00
*Bank Leumi- (UK) ....	Jan. 30	Final 5.52	Hoover Mar. 1 Final 6.20
Barclays Bk. ....	Feb. 22	Final 7.41	*ICI Feb. 29 Final 5.00
Bath and Portland ...	Feb. 22	Final 2.04	Imperial Oil. Feb. 14 Final 4.00
Bear Stearns Prop. ....	Feb. 13	Final 2.98	Lloyd's Bank Feb. 20 Final 5.14
*Birmid. Group ...	Feb. 13	Final 3.475	London Shop Prop. Mar. 1 Final 1.80
British Air- ways ...	Feb. 28	Final nil	Marchwiak Feb. 18 Final 5.0
British Vite. ....	Mar. 1	Final 1.5	*NatWest Feb. 25 Final 7.15
Brown Bros. Brokers ...	Feb. 22	Int. 0.53	*Nesfield Feb. 28 Int. 0.325
Carrington Vit. ....	Feb. 13	Int. 8.04	Nothring. Mar. 1 Final 1.00
City Offices ...	Feb. 21	Final 1.881	Ramsey Sima. Feb. 28 Final 5.95
*Comin' Bk. ....	Feb. 18	Int. 8.5 cents	Rentech Royal Int. 1 Final 1.5
Commer. Union Bank ...	Feb. 27	Final 5.673	Royal Trust. Feb. 1 Final 1.25
Conc. Plants ...	Feb. 12	Int. 15%	Sime Darby Feb. 19 Final 1.14
Gregory ...	Feb. 13	Int. 8.04	*Throgmorton Feb. 12 Int. 1.654
Denubrium Corp. ....	Feb. 1	Final 1.95	Unit Rest. ....
Gowty ...	Feb. 8	Int. 2.5	Prop. Feb. 21 Int. 2.10
General Acci- Gen. Con. ....	Feb. 28	Final 4.817	Vantone Feb. 20 Final 5.01
Gen. Inv. Tax. ....	Feb. 13	Final 2.06	Wagon. Finance. Feb. 18 Final 1.52
Grindlays ...	Feb. 27	Final 2.071	*Board meeting imminent. 2 Rights basis since made. 3 Tax free. 4 Scnp issue since made. 5 Forecast.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to purchase or subscribe for or otherwise buy shares, capital or other securities of the Company.

## CHARLES CLIFFORD INDUSTRIES LIMITED

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Issue of 500,000 12 per cent Cumulative Convertible Preference Shares at 120p per share.

The Council of The Stock Exchange has admitted the above-mentioned securities to the Official List and dealings in them are expected to begin today.

Particulars of the rights attaching to these securities are available in the Exel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 11th February, 1980.

G. R. Dawes & Company Limited, 53 Davies Street, London W1Y 2BL, 42-46 Hagley Road, Birmingham B16 8PZ.

## THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.

U.S. \$40,000,000 Floating Rate Notes 1977-1982

For the six months  
27th January, 1980 to 27th July, 1980  
the Notes will carry an interest rate of 14 1/4% per annum  
with a coupon amount of U.S. \$74.57

Bankers Trust Company, London Agent Bank

## BANQUE DE L'INDOCHINE ET DE SUEZ

US\$40,000,000 Floating Rate Notes 1978-1985

For the six months  
25th January 1980 to 25th July 1980  
the Notes will carry an interest rate of 14 1/4% per annum and  
Coupon Amount of US\$74.25

Listed on the Luxembourg Stock Exchange  
By: Bankers Trust Company, London  
Refugee Agent

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS - contd.

A.B.N. Bank		17 3/4	Guinness Mahon	17 3/4
Allied Irish Bank	17 3/4	Hambros Bank	17 3/4	
Amro Bank	17 3/4	Hill Samuel	17 3/4	
American Express Bk.	17 3/4	C. Hoare & Co.	17 3/4	
Henry Ansbacher	17 3/4	Hongkong & Shanghai	17 3/4	
A. P. Bank Ltd.	17 3/4	Industrial Bk. of Scot.	17 3/4	
*Arbuthnott Latham	17 3/4	Keyser Ullmann	17 3/4	
Associates Corp. ....	17 3/4	Banco de Bilbao	17 3/4	
Banco de Credit & Cmce.	17 3/4	Lloyds Bank	17 3/4	
Bank of Cyprus	17 3/4	Edward Mannion & Co.	17 3/4	
Bank of N.W.	17 3/4	Midland Bank	17 3/4	
Banque Belge Ltd. ....	17 3/4	Samuel Montagu	17 3/4	
Baouche du Rhone et de la Tamise S.A. ....	17 3/4	Morgan Grenfell	17 3/4	
Bayards Holdings Ltd.	17 3/4	National Westminster	17 3/4	
Brit. Bank of Mid. East	17 3/4	P. S. Reeson & Co.	17 3/4	
Brown Shipley	17 3/4	Rossminster	17 3/4	
Canada Permanent Trust. ....	17 3/4	Ryl. Bk. Canad. (Ldn.)	17 3/4	
Cayzer Ltd.	17 3/4	Schlesinger Limited	17 3/4	
Charterhouse Jespel. ....	17 3/4	E. S. Schwab	17 3/4	
Clularians	17 3/4	Standard Chartered	17 3/4	
C. E. Coates	17 3/4	Trade Dev. Bank	17 3/4	
Consolidated Credits. ....	17 3/4	Trustice Savings Bk	17 3/4	
Co-operative Bank. ....	17 3/4	Twentieth Century Bk	17 3/4	
Corinthian Secs.	17 3/4	United Bank of Kuwait	17 3/4	
The Cyprus Popular Bk.	17 3/4	Whiteaway Lildaw	17 3/4	
Duncan Lawrie	17 3/4	Williams & Glyn's	17 3/4	
Eagle Trust	17 3/4	Yorkshire Bank	17 3/4	
E. T. Trust Limited	17 3/4	Members of the Accepting House Committee	17 3/4	
First Nat. Fin. Corp. ....	18 1/2	7-day deposits 15%.	17 3/4	
First Natl. Secs. Ltd. ....	18 1/2	7-day deposits up to sum of \$10,000 and under 15% up to \$10,000, 15% over \$10,000 and over \$25,000 15%.	17 3/4	
Robert Fraser	18 1/2	Call deposits over \$1,000 15%.	17 3/4	
Antony Gibbs	18 1/2	Commd. deposits 15%.	17 3/4	
Creybroek Charbury. ....	17 3/4	Grindlays Bank	17 3/4	
U. S. A. Ditrham	18 1/2	Overnight deposits 15%.	17 3/4	

Schroder, Life Corp., Enterprise House, Portman, International Financ. 01-527-2733

J. Henry Schroder Wag. & Co. Ltd., P.O. Box 195, St. Helier, Jersey 001-2752, 22-23 Chancery Lane, London WC2A 1EJ, 01-527-2752

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P. O. Box 31, 1213, Congress St., Portland, Maine 04101, USA, 001-207-2000

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# FINANCIAL TIMES

Monday January 28 1980



## Saudis lead anti-Soviet protest

BY RICHARD JOHNS, IN ISLAMABAD

**SAUDI ARABIA** is understood to have proposed an embargo on exports of oil and petrochemicals by members of the Islamic Conference to the Soviet Union and those supporting its military action in Afghanistan.

Although the proposal has not been accepted, it is symptomatic of the hard line being taken in private by Prince Said al Faisal, the Saudi Foreign Minister. The plan would include a one-month grace period for withdrawal of the Soviet troops and the suspension of Afghanistan from the Islamic Conference.

Saudi Arabia is also believed to be in favour of giving support to the Afghan guerrillas resisting the Soviet invasion. The six leading guerrilla groups yesterday announced their agreement to join forces and asked the Moslem foreign ministers meeting in Islamabad to grant

them observer status at the conference.

News of the formation of the Islamic Alliance for the Liberation of Afghanistan could embarrass Pakistan, which does not want to be seen giving military assistance to the guerrillas.

A four-man delegation from the Palestine Liberation Organisation arrived here yesterday. Syria and South Yemen are absent. Egypt, whose membership was suspended last May because of its peace treaty with Israel, was not represented.

News of the guerrillas' groups' agreement was given at a Press conference presided over Mr. Salem Azzam, secretary-general of the Islamic Council for Europe, who is understood to have been working to unite opposition to Marxist regimes in Afghanistan since President Daoud was overthrown in 1978.

The long-term aim is to establish an Islamic republic. The united movement is to be led by Professor Burhanuddin Rabbani, leader of the Jamiat Al-Islami group and formerly head of the faculty of Sharia law, or theology, at Kabul University.

Professor Rabbani said: "The situation in Afghanistan is such that all of the nation is committed to fight Soviet imperialism and to kick out the Russians as soon as possible." He added that the alliance was looking for aid from "peace-loving" states of the West, as well as Islamic countries.

In his address at the opening ceremony, President Zia ul Haq made no reference to Moslem resistance in Afghanistan. By contrast, he called upon member countries to "consider ways and means for the collective defence of the Islamic Umma (community)

rather than defence of individual countries."

Pakistan has taken great care to avoid giving the impression that it is taking sides in a superpower conflict. The text of President Zia's speech made only two references to the Soviet Union (and none to the U.S.), compared with seven in the spoken version.

Mr. Agha Shahi, his adviser on foreign affairs and de facto Minister, took special care to emphasise the "non-aligned" nature of the protest against the Soviet intervention.

"We emphasise that our attitude to the Soviet intervention in Afghanistan emanates from our objective to seeing the charter of our organisation and of international organisations being violated."

West German Opposition urges Olympic boycott, Page 2  
Editorial Comment, Page 12

## Iran victor offers hope on hostages

BY SIMON HENDERSON IN TEHRAN

**MR. ABOLHASSAN Bani-Sadr,** who swept to victory at the weekend in the Iranian Presidential elections, has held out the possibility of solving the impasse over the 50 hostages, held at the U.S. Embassy in Tehran.

To the most optimistic comment to emerge for several weeks, the socialist-oriented Finance Minister said in an interview that he would try to bring the problem to an end

in a way which safeguarded the demands and independence of Iran.

The remarks come at a time when the militant students holding the Embassy are becoming increasingly isolated, especially as Ayatollah Khomeini is undergoing treatment for a heart ailment in a Tehran hospital.

Mr. Bani-Sadr, whose election as President is expected to be confirmed tomorrow, was careful to criticise both super-

powers at a Press conference yesterday.

He asked when the U.S. would decide against using its policy of "imperialist expansionism" and, in a reference to the deposed Shah, asked when it would allow criminals to be tried anywhere around the world.

Asked whether Iran would attend the Olympic Games, he said it would be difficult when

a brother country, Afghanistan had been invaded.

Mr. Bani-Sadr is seen as a strong radical nationalist on foreign policy, and a believer in a strong state role on the domestic front. Even before being made Finance Minister last November, he had orchestrated the nationalisation of the banks, insurance companies and large businesses.

Bani-Sadr, a radical Islamic nationalist, Page 2

## ICI plant to make protein from gas

By David Fishlock

A NEW £40m plant for making protein from natural gas—the most advanced of its type in Europe—is likely to be started up by ICI at Billingham, Cleveland, this week.

Mr. Peter King, director of the project, said the highly automated fermentation plant had been completed on schedule "for about what we said it would cost."

All parts of the plant have been run separately, and the start-up of the whole process will be managed entirely by computer, because of the need for close control. The plant is based on biotechnology, which is seen as a new area of industrial opportunity for Britain, comparable to micro-electronics.

A report from government scientific advisors led by Dr. Alfred Spicks, formerly ICI's research director, is expected to urge a substantial State investment in developing the technology. It will go to the Government in the spring.

Britain has been losing ground badly to U.S. and Japanese competitors in applying the results of a rapidly advancing area of science. But the ICI project for making high grade protein for animal feedstuffs is one important exception where Britain is abreast of world leaders.

It processes continuously cultures a microbe rich in edible proteins in methanol (methanol alcohol) made from natural gas. In demonstrations at Billingham it has produced protein at the rate of 3 tonnes a day.

Mr. King says ICI believes it can sell in bulk for "around the price of the best fish meal." This values Proteeo, as the product is called, at about twice the price of soy.

The processors employ what ICI claims to be the world's biggest fermentation vessel, a 600-tonne steel reactor about 200 ft tall, built in France. This is designed to make about 150 tonnes of protein a day, or about 50,000 to 70,000 tonnes a year.

Biotechnology: exciting prospects, Page 12

## Powerful monetary fund advocated for Europe

BY JOHN WYLES IN BRUSSELS

A EUROPEAN Monetary Fund, with powers of liquidity creation and wide-ranging monetary and exchange rate responsibilities, is among proposals for the European Monetary System being discussed by EEC governments and their central banks.

The suggestion for a powerful European central bank responsible for a fully convertible European currency unit (ECU) is contained in a confidential 27-page discussion paper prepared for the EEC's monetary committee by European Commission experts.

Although they have set out a variety of more modest options for the development of the EMS, the experts have thrown down a major political and technical challenge to EEC members by arguing for a "maximalist" solution.

They argue that only by giving the ECU the characteristics of a reserve currency and by making the EMU a responsible central bank can the Community meet its objectives.

The paper says that these were laid down by EEC heads of government meetings in Bremen and Brussels in 1978 and were encapsulated in the goal of "the full utilisation of

the ECU as a reserve asset and a means of settlement."

EEC governments will have a fresh opportunity to review this orientation at their next summit at the end of March, which is why the pace of technical discussions is being stepped up. Seeing the need for "an improved co-ordination of the economic and monetary policies of member states," the Dublin summit last November asked for a report on progress made towards the creation of a European Monetary Fund.

More significantly, the governments reaffirmed their commitment to setting up the fund by March 1981, although there is probably not a central banker nor Treasury official in the Nine who believes this is feasible.

The basic question confronting these senior officials on the monetary committee, which discussed the Commission paper last week, is what direction to recommend for the EMS when its two-year transitional period ends in March 1981.

The Commission experts have argued that their mandate points towards the creation of an ECU with "the widest possible degree of acceptability." This could be achieved

prescriptively, they say, by central banks agreeing to use and hold ECUs. But this would, however, be tantamount to freezing international liquidity.

More preferable, the paper implies, would be a fully fledged monetary approach aimed at guaranteeing the permanence, convertibility and yield of the ECU in relation to other assets. However, slotting gold into the system is regarded as a major political and technical problem.

Discussing the consolidation of credit mechanisms within the fund, the Commission paper again appears to be leaning towards a "maximalist" solution, with the fund having control over short, medium and long-term credits based on the ECU.

Turning to the organisation and structure of the new fund the paper acknowledges that this will be determined by the use of the ECU.

A solution based on ECUs usable for both settlement and credit would argue for a monetary institution with responsibilities "which until now have been partly those of central banks and partly those of government authorities."

## Doubts over extra Miami air link

BY MICHAEL DONNÉ, AEROSPACE CORRESPONDENT

PRESSURE by the U.S. Government for an increase in the number of air services to Britain is likely to be resisted when the next round of talks on the revision of the Anglo-U.S. Bermuda Two air agreement starts in London tomorrow.

The UK wants the U.S. to justify on the grounds of traffic growth any expansion of flights or an increase in the number of airlines serving routes linking the two countries.

The U.S. negotiators, from the State Department and the Civil Aeronautics Board, are expected to ask the UK for an increase in the number of points in the U.S. that are "dual-designated" (served by two airlines from each country). At present there are only

The UK view is that the carefully-controlled level of services between the UK and the U.S. over the past two years, as laid down in the Bermuda Two pact, has ensured that the North Atlantic has not been swamped with excessive capacity.

Other topics to be discussed include the UK's desire to see more U.S. airlines using Gatwick to ease congestion at Heathrow, and a greater liberalisation of cargo traffic.

Under an agreement already reached, but not yet signed, it is intended after three years virtually to free cargo traffic between the two countries from restrictions on rates and the number of destinations served.

The UK hopes to see this agreement signed in the coming week.

## Thousands may defy strike ban

was important that the issue should be resolved quickly.

Mr. Sirs said the Appeal Court decision apparently banned secondary picketing. Lord Denning had gone far beyond the judicial function of interpreting rather than making law, he said.

The court decision implied that where the Government controlled the purse strings of a firm or an industry those who asked that the purse strings should be loosened were not involved in a trade dispute but "some form of political dispute." The ruling would affect people in the mines, railways and British Leyland.

The ISTC is hoping that the House of Lords will deal with the case quickly. Lord Denning has refused the union leave to appeal but this can be overruled by the Lord Appeal Committee.

Mr. Sirs strongly maintained

that a Press conference yesterday that the strike was still solely about wages and not the more political question of steel plant closures. However, the ruling will have some impact on Thursday's meeting between the Government and the TUC nationalised industries and steel committees.

The Transport and General Workers' Union's national loyalty group committee re-emphasised at the week-end its instruction to 230,000 lorries to stay off the roads not to carry steel.

Yesterday some regional union officials claimed whole-hearted support for the walk-out at private steel plants but the employers said there had been patchy and that many companies had in any case already been affected by industrial action.

The private sector steel industry employs about 65,000 people and a few had suspended opera-

tions because of industrial action not directly involving their employees.

In Wales two Guest Keen and Nethfield factories employing nearly 4,000 people—at Cardiff and Brymbo Clwyd—were reported to be working normally. But the Duport works in Llanelli and the Alpha Steel plant in Newport, which between them employ nearly 2,000 people, were at a standstill. Alpha has been affected for some days by outside industrial action.

The private steel industry in the Midlands was at a standstill last night, according to the Midlands divisional officer of the Iron and Steel Trades Confederation. He said all 10,000 workers in the sector were supporting the strike, and that the position would continue unless the ISTC gave instructions to the contrary.

## Danger of Ulster conference collapse

BY STEWART DALBY

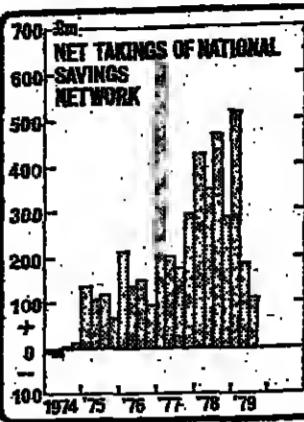
MR. HUMPHREY ATKINS, Northern Ireland Secretary, faces the delicate task of avoiding the collapse of the Government's three-week-old constitutional conference on Ulster when it resumes today.

"We emphasise that our attitude to the Soviet intervention in Afghanistan emanates from our objective to seeing the charter of our organisation and of international organisations being violated."

West German Opposition urges Olympic boycott, Page 2  
Editorial Comment, Page 12

## THE LEX COLUMN

# Midland prepares to try again



moment is over excessive rather than inadequate funding. The Bank of England has enough problems in the money market at present without an enormous National Savings intake unless the idea is to aim for the bottom of the target range for money supply growth and execute an unprecedented squeeze.

It seems curious that the operation of National Savings, now a major contributor to public sector financing, should be so indecisive. At a time when interest rates are so volatile, and savers increasingly alive to the different returns being offered, it makes no sense to bring out a form of investment two and a half months after it is needed, and then to offer savers a higher return than necessary. So much for fine-tuning.

### Oil profits

With the U.S. oil company reporting season in full swing, and with the European majors preparing their bumper figures, the oil industry's financial public relations executives are having a busy time. Last week Mobil and Exxon—both beneficiaries through Aramco of Saudi Arabia's cheap oil policies—announced final-quarter earnings gains of 72 and 60 per cent respectively. Exxon decided to hold a Press conference to explain and justify its higher returns. Earlier this month Mr. Dirk de Bruyne, president of Royal Dutch, took the trouble to deliver a speech in Rotterdam. The Shell group, he declared, was "determined to make the profits of today work in supplying the vital energy needs of tomorrow."

The theme is that oil companies must be allowed high returns in order to finance increasingly expensive exploration plans or high cost projects such as for the exploitation of tar sands. In principle this is fair enough, but there are two points to watch out for. One is that the increased requirement for investment at the upstream end of the industry has been at least partly offset by reduced requirements at the downstream end, where lower volumes have meant that existing capacity is more than adequate. Although few oil companies disclose downstream returns, it looks as though they have recently been quite high.

The second point is that in the U.S., at any rate, oil company diversification has been a fashion. It is hard to argue that high returns are needed in order to finance purchases of electric motor companies, stores chains, or British Sunday newspapers.

## Weather

### UK TODAY

Mostly dry, but rain will spread slowly from the west.

London, East Anglia, S.E., E.N.E. England

Early mist and fog patches. Dry, hazy sunshine later. Max 8C (46F).

Cent. S., Cest. N. England, Midlands

Cloudy, rain later. Max 7C (45F).

S.W. England, Wales, Channel Is., N. Ireland

Rain at times, some sleet on high ground. Max 9C (48F).

N.W. England, Lakes, Isle of Man, S.W. Scotland, Argyl

Rain spreading from west, sleet or snow on high ground. Max 8C (46F).

N.W. Scotland, Central Highlands

Cloudy, rain with sleet or snow on high ground later. Max 7C (45F).

Outlook: Some rain, sleet in places.

Yesterdays midday maxima

midday minima

midday F 37

midday S 37

midday C 37

midday F 37